

Japan Offers Russia Deal To Resolve Island Feud

Hashimoto and Yeltsin End Summit, Pledging Closer Economic Ties

By Kevin Sullivan
Washington Post Service

KAWANA, Japan — The leaders of Russia and Japan concluded a 24-hour seaside summit Sunday with a little fishing, a little hugging, promises of better economic relations and a new proposal for resolving an acrimonious 50-year-old territorial dispute.

Prime Minister Ryutaro Hashimoto and President Boris Yeltsin, in shirt sleeves on a sprawling lawn facing the Pacific Ocean, said they had proposed an array of new economic measures, including construction of a Japanese auto plant in Moscow.

Mr. Hashimoto also said he had offered a new proposal to resolve the dispute over four islands north of Japan that Soviet soldiers seized in the last days of World War II. The islands, known as the Kurils in Russia and the Northern Territories in Japan, are the main reason the two Asian powers have never signed a peace treaty. Mr. Hashimoto and Mr. Yeltsin have pledged to sign one by 2000.

Mr. Hashimoto refused to discuss details of the proposal, but Mr. Yeltsin said he had agreed to study it.

Asked whether the former Cold War foes would be able to settle the land dispute and sign a treaty, Mr. Hashimoto said: "The question is whether we will stop at a simple peace treaty. We want deep, friendly relations between the two countries."

"In our personal relationship, we already have a peace treaty," Mr. Yeltsin said, giving Mr. Hashimoto a hug for the cameras.

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The Dollar vs. the Euro	
United States	Euro-zone*
Population: 268 million	290 million
Gross domestic product: \$7.2 trillion	\$6.9 trillion (\$8 trillion if all 15 EU members are included.)
Share of world trade as percent of total value: 19.6%	20.9% for all 15 EU members
Share of currencies used in international trade: 47.6% of world exports are executed in dollars	15.5% of world exports are executed in Deutsche marks, the only European currency used extensively in international trading.
Share of currency holdings in central bank reserves around the world: 61.5%	20.1% in European currencies (British pound, Deutsche mark, French franc, Dutch guilder) of which nearly three-quarters is held in Deutsche marks.
Share of currencies used in transactions of foreign-exchange markets: 41.5%	18.5% in Deutsche marks
*Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Portugal and Spain. Not participating in the euro launch are Britain, Denmark, Greece and Sweden. Sources: European Commission, Bank of International Settlement, OECD.	

New Money on the Block

Strong Euro Could Undermine U.S. Prosperity

By Tom Buerkle
International Herald Tribune

LONDON — As European governments prepare to create a single currency, economists and government officials have engaged in an increasingly vigorous debate over whether the euro will rival the dollar as an international currency.

Now, a new study suggests that the euro not only will confront the dollar quickly after the single currency's debut in 1999, it also will raise European living standards at the expense of diminished U.S. prosperity. The shock that the euro will bring to the international monetary system "is likely to be substantial and relatively sudden," says the study to be released Monday by Richard Portes, head of the Center for Economic Policy Research in London, and Helene Rey of the London School of Economics. The euro's rise to the status of international reserve currency rivaling the dollar "would generate substantial increases in European Union real incomes."

Mr. Portes and Ms. Rey argue that the euro-dollar rivalry will hinge on the degree to which global capital markets accept the euro. That is because trading on the world's cur-

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China Dissident Frail but Free

Wang Dan, a Leader of '89 Protests, Arrives in Detroit

By Brian Knowlton
International Herald Tribune

WASHINGTON — Wang Dan, a leader of the 1989 democracy movement in Beijing, arrived Sunday in Detroit, a day after being freed from a Chinese prison in the latest in a series of moves aimed at easing strains in U.S.-China relations.

Within an hour of his arrival at Detroit airport, Mr. Wang was admitted to Henry Ford Hospital, where his condition was being evaluated at the request of the White House. Though Mr. Wang, 29, appeared frail and reportedly has been ill, he walked into the hospital unaided. It was not clear how long he would remain there before flying on to New York.

Mr. Wang's release, described by Beijing as a "medical parole," was part of a carefully scripted series of such gestures that began with the release in November of Wei Jingsheng, the best-known Chinese dissident. That came within a month of a visit to the United States by President Jiang Zemin.

Mr. Wang, in turn, was freed two months before President Bill Clinton is to pay a return visit to Beijing, Hong Kong and other parts of China.

On Sunday, U.S. officials greeted reports of Mr. Wang's release warmly. "It's very welcome news," said Eric Rubin, a White House national security spokesman who was traveling with Mr. Clinton in Santiago. "This is something we've raised repeatedly with the Chinese, and we consider it a very positive step."

But Mr. Wei, who had passed through the same Detroit hospital as Mr. Wang following his release, cautioned the outside world not to view Mr. Wang's release as a sign that China was improving its stance on human rights.

Mr. Wei said the news of Mr. Wang's release caused him to "rejoice." But he quickly added, "I'm sure that the media will probably react to this news by saying that there has been good progress as far as the human rights situation in China is concerned, and I would like to insist that it's not true."

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Protesters displaying pictures of Wang Dan in Hong Kong in 1996.

Liberal Thought Blooms In a New Beijing Spring

By Steven Mufson
Washington Post Service

BEIJING — The intellectual seeds of liberal political reform are sprouting here, making this the most open spring since the massive pro-democracy demonstrations of Tiananmen Square were crushed nine years ago.

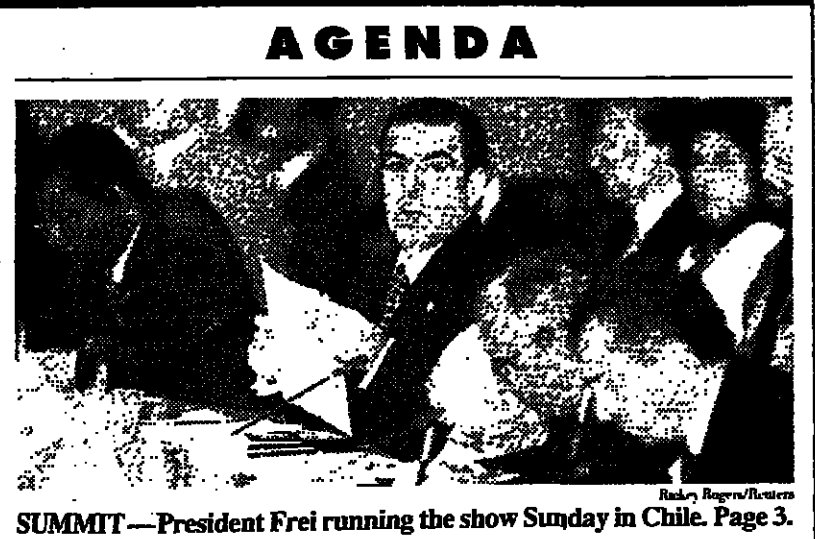
Intellectuals here are talking about promoting individual rights, expanding direct elections, shrinking government and scaling back the ubiquitous role of the Communist Party.

A professor from the elite Communist Party school has blasted the "climate of fear" that he says impedes free speech. A leading business newspaper has hailed a "third liberation of thinking" and devoted two pages to excerpts from "Crossed Swords," a book that harshly attacks orthodox Marxist "leftists."

"Recently, the general environment has relaxed," said Mao Yushi, whose recent essay, "Liberalism, Equal Status and Human Rights," has put him in demand. Last month, students at the Chinese Geological University here crowded into a lecture hall to hear the 69-year-old economist praise Western liberalism, denounce Mao Zedong, the late Communist chairman, and call for human rights.

Beijing's spring appears to reflect a growing awareness within the party that it must move forward on political reform as Chinese society changes and the economy grows more complex. The party can no longer dictate every aspect of the economy or people's lives nor easily represent the diverging interests of state workers, entrepreneurs, peasants and city residents.

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SUMMIT — President Frei running the show Sunday in Chile, Page 3.

Linda McCartney Dies of Cancer at 56

LONDON (AP) — Linda McCartney, 56, the wife of Sir Paul McCartney, has died of cancer, the former Beatle's publicist said late Sunday.

Geoff Baker said that Mrs. McCartney died Friday in Santa Barbara, California, and that her husband and children were with her.

The couple announced in December 1995 that Mrs. McCartney was being treated for breast cancer. The publicist's statement Sunday said that the treatment appeared to be working well, but that the cancer was found in March to have spread to her liver.

EU Arms 'Loophole' Comes Under Fire

Alarmed Over Where U.S. Guns Go, Washington Seeks Re-export Controls

By Raymond Bonner
New York Times Service

LONDON — Despite U.S. laws intended to curb international trafficking in firearms, the Clinton administration has discovered that Washington has virtually no control over where American weapons end up once they are shipped to Europe, American and European officials say.

As a result, law enforcement officials in Europe and the United States say, thousands of high-powered and semi-automatic American pistols and rifles sold to Europe in the last few years have ended up fueling violent conflicts in places that include Rwanda, the countries that once were part of Yugoslavia, Algeria and Turkey, and are in the hands of street criminals and organized crime syndicates. There are also indications that American firearms have found their way to Iraq and Iran.

As a first step to address the problem, the State Department is on the verge of revoking all outstanding licenses for firearms exports to British companies, a senior American official said.

Currently, 250 licenses are outstanding, for more than 14,000 handguns, according to American officials and a report from the U.S. Embassy in London to Washington in March.

Clinton administration officials, who say they are making a major effort to stem the illicit movement of firearms, said they had discovered the "European Union loophole" as they call it, during negotiations this year over a treaty to regulate the import and export of firearms.

The United States will present its proposals in May in Birmingham, England, at the summit meeting of leading industrial countries, the so-called Group of Seven, plus Russia.

After meetings in London in January and March of the G-7's subgroup on firearms, the U.S. Embassy reported to Washington that the United States "should be concerned that firearms are not remaining in the countries for which they are licensed." It said that "a basic cornerstone" of U.S. policy "appears not to be supported by EU policy."

Asked why they had not discovered the problem until now, a senior American official said the United States had focused on Third World, nondemocratic governments, never thinking there would be problems with NATO allies.

American law requires foreign purchasers of firearms and military equipment to sign a statement that they will not re-export the items without the authorization of the State Department, which issues the export licenses.

Under European Union law, however, there is no requirement that a company wishing to re-export goods to another member country notify the export licensing authority in the original country, the embassy reported.

Thus, an executive with Borchers, one of the largest gun importers in Spain, said he could re-export weapons bought in the United States to another of the European Union's 15 member countries without approval from the United States.

The EU's view is that Washington's re-export restrictions are an infringement on "territorial sovereignty," as

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Israel's Shifting Dream: From Socialism to High Tech

By Serge Schmemmann
New York Times Service

KIBBUTZ GIVAT BRENNER, Israel — The exit for Kibbutz Givat Brenner, the largest of Israel's proud old collective farms, is marked by a bright sign for "House of Dreams."

House of Dreams is actually an amusement park that the 70-year-old kibbutz now runs to augment the waning income from its orchards, plant nurseries and aging factories. But the name also carries a poignant echo of the dreams of the early Zionists from Russia, who landed on the shores of the Promised Land envisioning a new Jewish nation forged in the selflessness of collective field labor.

A few miles north in Tel Aviv, in a concrete block of offices on what were

barren sand dunes when the state of Israel was born, several dozen men and women, all in jeans, shorts and T-shirts and well short of 30, worked intently at their computers while sipping cappuccino from paper cups. On a sheet of typing paper taped to the door, these rooms are identified as the offices of Mirabilis, from the Latin for miracle.

Seventeen months ago, Mirabilis did not exist. Today, the innovative chat software invented by its four founders, ICQ (read "I seek you"), is one of the hottest new instruments on the Internet, with 10 million registrations and as many as 57,000 new users daily.

Though only a few miles lie between the "dreams" and the "miracle," they trace the extraordinary road Israel has traveled from the socialist experiment of defiant European Jews to the high-

tech revolution that has turned the country into the Silicon Valley of the Middle East, second only to the United States in start-ups.

High tech now accounts for nearly a third of all Israeli exports, and with close to 3,000 start-ups and research-and-development projects, the share is likely to continue growing.

By any yardstick, Israel is prosperous — more prosperous than it has ever been, and learning to love it. Exports have catapulted to about \$32 billion last year, most of them industrial and scientific, from \$30 million in 1948, when most of them were agricultural. The per-capita gross domestic product has reached \$17,000, more than Portugal or Spain, and many times that of Israel's Arab neighbors. Some 120 Israeli companies are traded on New York ex-

changes, which places it second among foreign countries only to Canada.

The wealth is tangible. Visitors are regularly struck by the proliferation of cell phones, on which Israelis spend more time talking than any other people. With 1.6 million in use, Israel has one for every three people.

The number of cars has almost doubled in nine years, to 1.65 million last year from 882,000 in 1988, and big luxury sedans are no longer exotic. People for whom travel abroad used to be an impossible dream now pour out of the country in droves for vacations in Europe, South America and Asia. Gourmet restaurants, shopping malls and outlets of every American chain sprout routinely in Tel Aviv and Jerusalem. A

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Forests Die as Borneo Prays for Rain

Drought Has Turned Jungle Into Tinder



An Indonesian farmer using a branch to light a fire that threatened his house near Balikpapan, on the drought-stricken island of Borneo.

By Thomas Fuller
International Herald Tribune

SAMARINDA, Indonesia — The tropical forests' brilliant greens have given way to soft reds and pale yellows, making Bukit Suharto National Park look like autumn in New England.

But this is not fall foliage on the equator. The Bukit Suharto forest is dying, along with hundreds of thousands of hectares of adjoining jungle.

This coastal stretch of southeast Borneo, on the edge of the world's second-biggest rain forest, has received just 300 millimeters (12 inches) of rain in the last 12 months, according to data collected by Willie Smits, an adviser to the Indonesian Forestry Ministry. Normal annual rainfall is 2,700 millimeters.

The drought has turned Borneo into a tinderbox, and fires — many of them set by companies and farmers clearing land — have spread across the island. A United Nations team last week said it would take 10,000 people to put out the fires, but specialists here say there is little or nothing humans can do to save the forests.

"Nothing but rain can now stop these fires," Mr. Smits said.

He led a frustrating effort to try to protect a relatively tiny swath of land — 3,500 hectares (8,650 acres) — from fire. The small forest was filled with plants used for research.

"We had a hundred people who for the last nine months, day and night seven days a week, were patrolling and putting out fires," Mr. Smits said.

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Newsstand Prices	
Bahrain.....	1,000 BD
Cyprus.....	£ 1.00
Denmark.....	14.00 DKR
Finland.....	12.00 FM
France.....	£ 0.85
Germany.....	5.50 DM
Greece.....	£ 0.90
India.....	120 INR
Italy.....	£ 1.20
Japan.....	¥ 1,200
South Africa.....	120 ZAR
Spain.....	1,200 Ptas
Sweden.....	120 SEK
Switzerland.....	120 CHF
Taiwan.....	120 NT
Thailand.....	120 THB
U.S. & Canada.....	\$ 4.00
U.K. & Ireland.....	£ 4.00

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From Unimpressive Youth to Despot / His Reign of Terror in Cambodia Took Nearly 2 Million Lives

Pol Pot: Seeking a Utopia, He Destroyed His Country and People

By Seth Mydans
New York Times Service

IT WAS on April 17, 1975, that Pol Pot and his forces took over Cambodia after a devastating five-year war, punctuated by a U.S. bombing campaign against the Khmer Rouge that exceeded the tonnage of U.S. bombs dropped on Japan during World War II.

With breathtaking speed, Mr. Pol Pot and his black-clad followers ordered the weary Cambodians to leave their homes, emptying the cities and towns to begin life at "Year Zero" as worker-peasants in the fields of Cambodia. Over more than three years, until early 1979, the Khmer Rouge government of Democratic Kampuchea conducted a rule of terror that led to the deaths of more than 1.7 million people, or one-fourth of Cambodia's population of 7 million, through execution, torture, starvation and disease.

Mr. Pol Pot died last week in a wooden hut near the Thai border at age 73. On Saturday, he was cremated on a funeral pyre fed by tires, wood and his own rattle chair.

He was one of the most secretive of national leaders. His bland face and unthreatening manner, his self-effacement, his rare and turgid public statements, and his life in hiding—even during his years of absolute power—were some of the ways he kept his rivals off balance while he retained his hold over his followers.

There was little in Mr. Pol Pot's background to suggest any personal drama when he came to power. Since his childhood, the phrases used to describe him had been uninspiring: polite, mediocre, soft-spoken, patient, even shy. Still, people who knew him described him as warm and reassuring, especially in small groups. "I saw immediately that I could become his friend for life," said one man who met him in the 1950s.

One of the few Western journalists to interview him, Elizabeth Becker, now an editor at The New York Times, described his personal appeal in her book "When the War Was Over."

"He was actually elegant, with a pleasing face, not handsome but attractive," she wrote. "His features were delicate and alert and his smile nearly endearing. There was no question of his appeal. Physically, he had a strong, comfortable appearance. His gestures and manner were polished, not crude."

In an hour-long interview she had with Mr. Pol Pot just weeks before his fall, he railed against Vietnam but never raised his voice, Ms. Becker wrote. "At most he nodded his head slightly or flicked his dainty wrist for emphasis," she added.

Mr. Pol Pot was less comfortable and revealing in a larger arena, making few public appearances even when he was in power, obscuring his identity, changing residences and warning of treachery from every quarter. When he had a stomach ailment, he said his cooks were trying to poison him. When the power at his residence failed, he had the maintenance workers killed.

This fear of treachery—by foreign nations or by poisonous "microbes" within his own organization—motivated much of his behavior, from his secretiveness to the bloody purges that began to consume his revolution beginning in 1977.

Speaking to a party cadre in 1976, Mr. Pol Pot said: "We search for the microbes within the party without success; they are buried. As our socialist revolution advances, however, seeping into every corner of the party, the army and among the people, we can locate the ugly microbes."

As a revolutionary, he took the name Pol Pot, which has no particular meaning. He was born Saloth Sar in 1925 in a village near Kompong Thom, 145 kilometers (90 miles) north of Phnom Penh, the eighth of nine children of a landowning farmer named Pen Saloth and his wife, Nok Sem.

At the age of 6 he was sent, like many other Cambodian children, to live with more prosperous relatives—in his case a brother who worked in Phnom Penh as a clerk at the royal palace and a cousin who was a dancer there in the Royal Ballet.

SOON AFTER his arrival, he spent several months in a Buddhist monastery—but this was a much shorter exposure to Buddhist teaching than was common in Cambodia, where most schooling was conducted by monks. He completed primary school but failed his exams to enter high school and studied carpentry at a trades school.

At 20 he received a government scholarship to study radio technology in France, where he spent three years and became involved in Communist activities when the Communist Party in France was dominated by Stalinists. It was here that he began his long association with Son Sen, Ieng Sary and others who became members of his inner circle.

It was also here that he met his future wife, Khieu Ponnary, a schoolteacher several years his senior, whose sister was married to Mr. Ieng Sary.

Mr. Pol Pot said he was a good student when he first arrived in Paris. "Later I joined the progressive student movement," he told the Vietnam News Agency in 1976. "As I spent more of my time in radical activities, I did not attend many classes."

While in Paris he published his first tract, an attack on the Cambodian monarchy. Later it was the king, Norodom Sihanouk, who dubbed Mr. Pol Pot's movement the Khmer Rouge, or Red Cambodians.



A Khmer Rouge fighter adding a log to the funeral pyre of Pol Pot near Cambodia's border with Thailand.

No Euology and No Tears at the Pyre

By Seth Mydans
New York Times Service

CHONG SA-NGAM, Thailand—First a thin white plume rose into the gray sky above the forest here on the Thai-Cambodian border. Then a cascade of black, acrid smoke.

At precisely 9:52 Saturday morning, a young Khmer Rouge guerrilla touched a red plastic cigarette lighter to a stack of kindling, and soon the body of Pol Pot, one of the century's great mass killers, was consumed on a makeshift pyre of burning tires and debris.

There were no words of eulogy and no tears as the flames crackled and grew in a clearing just inside Cambodia. Soldiers in rubber sandals and green shirts tossed pieces of wood and pails of gasoline to feed the fire. They poked at it with long sticks.

As the tires and the kindling burned away, Mr. Pol Pot's blackened skeleton

remained within the orange flames, its right arm and fist raised upward. Only a dozen people witnessed the cremation of the man who drove Cambodia to ruin, causing the deaths of more than a million people when he ruled the country from 1975 to 1979.

Those present included several low-ranking guerrillas from the Communist movement that Mr. Pol Pot led for three decades and a small group of photographers who were invited to record the moment on cameras and videotape. Other journalists were halted at a checkpoint here on the Thai side of the border, where they watched the smoke rise 500 yards away. The Thai military later made a videotape available.

Mr. Pol Pot's widow and their 14-year-old daughter did not attend, nor did the remaining Khmer Rouge leaders, who are under heavy military pressure from Cambodian government troops.

The event Saturday began in Mr. Pol Pot's shack, where several guerrillas

used a hatchet to hammer together a crude wooden coffin. Then they lifted Mr. Pol Pot's remains from his narrow bed, seizing the top and bottom ends of a dark plastic sheet in which his decomposing body had been preserved with chunks of ice. They tossed his straw fan, his scarf, his belt and a small black knapsack of his clothes into the coffin with him and covered it with a rough gray blanket.

Six soldiers—two of them with AK-47 rifles slung on their backs, one with a cigarette in his mouth—hefted the coffin onto the pyre a few yards from the house.

Eight tires trucked in from Thailand that morning formed the base of the pyre. On top of them was the mattress from Mr. Pol Pot's bed. His wicker chair was set upside down atop his coffin along with several more tires. Three soldiers added sprays of white and pink fuchsia to the pyre, the day's one touch of sentiment.

Fearing arrest, he fled in 1963 to Vietnam, along with Mr. Ieng Sary and Mr. Son Sen, and for the next decade lived in hiding, a pattern that held for most of the rest of his life.

Visiting China on the eve of the Cultural Revolution, Mr. Pol Pot observed many of the patterns he later instituted in his own country, from revolutionary theory to the soft Chinese-style hats adopted by the Khmer Rouge.

The widening war in Vietnam fueled the Communist movement in Cambodia, and after a peasant uprising in Battambang Province in 1967, Mr. Pol Pot began his move into armed rebellion. By 1970, he had 3,000 fighters under arms.

For years the Vietnamese Communists had used Cambodia to buy rice, to transport weapons and to channel soldiers from North Vietnam to the South along the Ho Chi Minh Trail. Prince Sihanouk and his government—intent on getting along with the Vietnamese Communists, who impressed him as likely to win the war—never protested these intrusions.

Nor did he protest when the Americans began bombing suspected Vietnamese positions in eastern Cambodia. The bombing forced the Vietnamese to move deeper into Cambodia, and the Khmer Rouge spread with them.

Prince Sihanouk found himself criticized for his tightrope politics in the midst of the Vietnam War, particularly by the army. In March 1970 the National Assembly deposed the prince while he was abroad, replacing him with pro-American officials led by his previously loyal

prime minister, General Lon Nol. Furious, the prince joined with the Khmer Rouge, and soon Cambodia was plunged into the Vietnam War. Within months the Vietnamese Communists and their Khmer Rouge allies controlled vast areas of the country.

In 1973, after the U.S. signed the Paris peace accord with the Vietnamese Communists, American B-52s were loosed to drop huge quantities of bombs on suspected Khmer Rouge positions in Cambodia to try to prevent a Communist victory there. Phnom Penh became a swollen refugee center, and many displaced or angry villagers flocked to join the Khmer Rouge army.

By the time of its victory in 1975, the army had grown to a force of 70,000, a growth aided by the prestige of Prince Sihanouk, who in one of his many political hairpin turns became titular president of the movement.

Tougher, more disciplined and more brutal than the U.S.-backed forces of General Lon Nol, the Khmer Rouge captured Phnom Penh almost two weeks before the Communists took Saigon, with Mr. Pol Pot as a leading commander and political strategist.

By the time Mr. Pol Pot himself entered the city, on April 23, 1975, or 12 years after he had fled into the jungles, the capital was silent and deserted.

From the very start, his troops pushed radical plans to turn the nation upside down. Everyone—the elderly, the blind, the sick, even infants—was ordered right away to "return to the villages." Some 20,000 hospital patients were forced to move out, some on wheeled beds. Tens of thousands of people died of starvation and disease in the first weeks of the revolution's victory.

Many others were killed outright: soldiers from the defeated army, bureaucrats, merchants, "parasites," "intellectuals." In their xenophobia, the Khmer Rouge threatened minority groups, particularly the Muslim Chinese, with extermination if they did not transform themselves into what the Khmer Rouge defined as real Cambodians.

In his victory speech, Mr. Pol Pot said his Communists had suffered more than other Communists, had won their war more quickly than other Communists and would build a revolutionary society faster as well.

To that end, Mr. Pol Pot made Cambodia one of the most isolated countries in the world, sealing its borders and restricting all but a few foreign diplomats to their chambers in an eerily quiet Phnom Penh. Prince Sihanouk, the first president, was confined to his palace and then to a guest house. Meanwhile, the radical experiment was destroying the country. The slave-labor gangs were not producing the food required. With no outside contacts, the country's supplies were becoming depleted. The huge public-works projects, especially in irrigation, were shoddily made and fell apart.

BUT MR. POL POT refused to believe his revolution was to blame. He looked for scapegoats: first the Cambodians loyal to the old regime, then Communist leaders of select regions of the country, then key Communist leaders close to him. These suspected "enemies" were arrested and taken to security centers where they were tortured to confess to imagined crimes and then killed.

Mr. Pol Pot was ordering the deaths of his closest comrades as the Vietnamese invaded the country. Because of the closed nature of the country, it remained unclear to outsiders what was happening, and reports by refugees of the horrors of Democratic Kampuchea were often met with disbelief.

The full picture emerged only in 1979, when the Vietnamese conquerors of Cambodia allowed in-foreigners and hundreds of thousands of sick and starving refugees poured into Thailand.

They told stories of how husbands had been separated from wives, parents from children. Holidays, music, romance and entertainment were banned. Dictatorial village leaders and soldiers told the people whom to marry and how to live, and those who disobeyed were killed. Children informed on their parents; many other youngsters who did not bend to the political mania were buried alive.

Communal work brigades were formed to farm, clear forests and dig canals. Almost all the work was done by hand, without machinery, and people were forced to labor from dawn until late night. Thousands died from malnutrition, thousands from overwork. Thousands were jailed, to be tortured and die.

The meticulous records kept by the Khmer Rouge of the people they tortured to death proved to be among the most valuable documents proving their crimes.

Above all, though, were the mass graves and killing fields uncovered after the Khmer Rouge defeat.

Instead of utopia, the Khmer Rouge had brought ruin. The regime's downfall came after Mr. Pol Pot attacked Vietnam and tried to seize territory along the border. On Dec. 25, 1978, Vietnamese troops crossed the border in strength, and soon there were 200,000 Vietnamese soldiers inside Cambodia. Within two weeks they occupied Phnom Penh and much of the rest of Cambodia, overthrowing Mr. Pol Pot.

In the years that followed, the struggle for control of Cambodia continued, with China and Thailand giving Mr. Pol Pot and his circle refuge, medical care and military support in a game of anti-Vietnamese and anti-Soviet geopolitics.

TRAVEL UPDATE

Singapore Airport Gets Top Marks

GENEVA (Reuters)—International travelers have voted Singapore's Changi their favorite world airport for the second year in a row, but Helsinki's Vantaa is not far behind, according to a report by the International Air Transport Association.

Among airports processing more than 25 million passengers annually, Amsterdam's Schiphol emerged on top, with Orlando, Florida, and Atlanta close behind, according to the report, cited by the journal Airport World.

Helsinki's relatively small airport, home base for the national airline Finnair but not previously included in the survey, came just ahead of Britain's Manchester, No. 2 in the past.

In fourth place was Melbourne, and in fifth was Geneva's Cointrin International Airport, fighting hard to retain its role as a major hub after the national carrier Swissair switched most of its long-haul routes to Zurich at the end of 1996.

Germans Criticize Greek Air Safety

FRANKFURT (AP)—The German pilots association Cockpit on Sunday criticized air safety over Greece, saying the skies were only partly covered by radar and Greek air traffic controllers spoke poor English.

Georg Fongern, a spokesman for the association, also said planes taking off and landing are assigned the same routes, so that they could find themselves coming at each other.

Japan Strike Blocks 8 More Flights

TOKYO (AFP)—The pilots strike against All Nippon Airways ground into the 14th day Sunday, notching up a total 88 flight cancellations and costs of about \$20 million.

The No. 2 Japanese carrier canceled eight international flights Sunday, requiring the rerouting on other airlines of 2,100 passengers, a company official said.

An outbreak of dengue fever in Indonesia has killed 207 people and put nearly 7,600 in the hospital in the last few months, the Jakarta Post reported this weekend. (Reuters)

Europe

City	Today	Low	High	Low	High
Algeria	20/28	12/16	22/31	13/20	23/32
Amsterdam	14/22	8/16	18/22	9/17	19/25
Antwerp	12/20	3/17	16/22	4/18	22/32
Athens	18/24	8/16	22/31	9/17	19/25
Berlin	14/22	8/16	18/22	9/17	19/25
Bombay	28/36	24/30	32/38	25/31	33/39
Buenos Aires	24/32	18/24	28/34	19/25	29/35
Calcutta	28/36	24/30	32/38	25/31	33/39
Chongming	28/36	24/30	32/38	25/31	33/39
Colon	28/36	24/30	32/38	25/31	33/39
Copenhagen	14/22	8/16	18/22	9/17	19/25
Dublin	14/22	8/16	18/22	9/17	19/25
Hankow	28/36	24/30	32/38	25/31	33/39
Hong Kong	28/36	24/30	32/38	25/31	33/39
Kobe	14/22	8/16	18/22	9/17	19/25
London	14/22	8/16	18/22	9/17	19/25
Lyons	14/22	8/16	18/22	9/17	19/25
Madrid	14/22	8/16	18/22	9/17	19/25
Moscow	14/22	8/16	18/22	9/17	19/25
Mumbai	28/36	24/30	32/38	25/31	33/39
Osaka	14/22	8/16	18/22	9/17	19/25
Paris	14/22	8/16	18/22	9/17	19/25
Prague	14/22	8/16	18/22	9/17	19/25
Rangoon	28/36	24/30	32/38	25/31	33/39
Shanghai	28/36	24/30	32/38	25/31	33/39
Stockholm	14/22	8/16	18/22	9/17	19/25
Taipei	28/36	24/30	32/38	25/31	33/39
Tokyo	14/22	8/16	18/22	9/17	19/25
Yokohama	14/22	8/16	18/22	9/17	19/25

Middle East

City	Today	Low	High	Low	High
Abu Dhabi	28/36	24/30	32/38	25/31	33/39
Amman	28/36	24/30	32/38	25/31	33/39
Beirut	28/36	24/30	32/38	25/31	33/39
Cairo	28/36	24/30	32/38	25/31	33/39
Damascus	28/36	24/30	32/38	25/31	33/39
Jerusalem	28/36	24/30	32/38	25/31	33/39
Lebanon	28/36	24/30	32/38	25/31	33/39
Manama	28/36	24/30	32/38	25/31	33/39
Riyadh	28/36	24/30	32/38	25/31	33/39
Tripoli	28/36	24/30	32/38	25/31	33/39

Africa

City	Today	Low	High	Low	High
Algiers	28/36	24/30	32/38	25/31	33/39
Cairo	28/36	24/30	32/38	25/31	33/39
Casablanca	28/36	24/30	32/38	25/31	33/39
Dakar	28/36	24/30	32/38	25/31	33/39
Harare	28/36	24/30	32/38	25/31	33/39
Johannesburg	28/36	24/30	32/38	25/31	33/39
Luanda	28/36	24/30	32/38	25/31	33/39
Nairobi	28/36	24/30	32/38	25/31	33/39
Rabat	28/36	24/30	32/38	25/31	33/39
Tripoli	28/36	24/30	32/38	25/31	33/39

WEATHER

Forecast for Tuesday through Thursday, as provided by AccuWeather.

City	Today	Low	High	Low	High
Algeria	20/28	12/16	22/31	13/20	23/32
Amsterdam	14/22	8/16	18/22	9/17	19/25
Antwerp	12/20	3/17	16/22	4/18	22/32
Athens	18/24	8/16	22/31	9/17	19/25
Berlin	14/22	8/16	18/22	9/17	19/25
Bombay	28/36	24/30	32/38	25/31	33/39
Buenos Aires	24/32	18/24	28/34	19/25	29/35
Calcutta	28/36	24/30	32/38	25/31	33/39
Chongming	28/36	24/30	32/38	25/31	33/39
Colon	28/36	24/30	32/38	25/31	33/39
Copenhagen	14/22	8/16	18/22	9/17	19/25
Dublin	14/22	8/16	18/22	9/17	19/25
Hankow	28/36	24/30	32/38	25/31	33/39
Hong Kong	28/36	24/30	32/38	25/31	33/39
Kobe	14/22	8/16	18/22	9/17	19/25
London	14/22	8/16	18/22	9/17	19/25
Lyons	14/22	8/16	18/22	9/17	19/25
Madrid	14/22	8/16	18/22	9/17	19/25
Moscow	14/22	8/16	18/22	9/17	19/25
Mumbai	28/36	24/30	32/38	25/31	33/39
Osaka	14/22	8/16	18/22	9/17	19/25
Paris	14/22	8/16	18/22	9/17	19/25
Prague	14/22	8/16	18/22	9/17	19/25
Rangoon	28/36	24/30	32/38	25/31	33/39
Shanghai	28/36	24/30	32/38	25/31	33/39
Stockholm	14/22	8/16	18/22	9/17	19/25
Taipei	28/36	24/30	32/38	25/31	33/39
Tokyo	14/22	8/16	18/22	9/17	19/25
Yokohama	14/22	8/16	18/22	9/17	19/25

North America

Sunny, dry and very warm. Morning fog and spotty showers in the Southwest. Tuesday and Wednesday, sunny and warm with some showers in the Southwest. Thursday, sunny and warm with some showers in the Southwest. Friday, sunny and warm with some showers in the Southwest. Saturday, sunny and warm with some showers in the Southwest. Sunday, sunny and warm with some showers in the Southwest.

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THE AMERICAS

'Americas' Trade Zone Reaffirmed

Compiled by Our Staff From Dispatches

SANTIAGO — Leaders of the Western Hemisphere's 34 democracies re-affirmed Sunday their commitment to establish a free-trade zone throughout the Americas by 2005 and said negotiations would start by September.

In a joint communiqué issued on the final day of the Summit of the Americas in Chile, the leaders pledged to make "concrete progress" toward their goal by the turn of the century, even though Congress has yet to give President Bill Clinton the expanded trade negotiating power he needs to conclude the negotiations.

"We order the start of negotiations," the leaders said in their 34-page final statement.

The action, if followed to fruition, would establish a Free Trade Area of the Americas stretching from Alaska to Tierra del Fuego.

"We are confident the Free Trade Area of the Americas will improve the well-being of all our people, including economically disadvantaged populations within our respective countries," the statement said.

The leaders made no change in the overall timetable adopted at the first hemispheric summit meeting, in Miami in 1994, but went a step further by stating that a trade negotiations committee will convene by June 30, with actual negotiations to start no later than Sept. 30.

Negotiations will begin in Miami, with nine initial "negotiating groups." They will cover these areas: market access, investment, services, government procurement, dispute settlement, agriculture, intellectual property rights, competition policy and subsidies and ways to stop the deliberate "dumping" of products at below-market prices.

The talks will be held in Miami for the

first three years, with Canada overseeing the initial effort. Brazil will then serve as co-chairman for the final years.

Although Congress has not granted Mr. Clinton fast-track authority to negotiate international trade deals, he promised in a speech Saturday at the opening session of the summit meeting to persuade Congress to grant him the authority he wants.

"The United States may not yet have fast-track legislation, but we will," he said. "I assure you our commitment to the free-trade areas of the Americas will be in the fast lane of our concerns."

The term "fast track" refers to an arrangement in which Congress could approve or reject a trade agreement negotiated by the White House but could not amend it.

Mr. Clinton also issued a critical analysis Saturday of the lingering social problems that leaders in Latin America are attempting to grapple with.

"Poverty throughout the hemisphere is still too high, income disparity is too great, civil society too fragile, justice systems too weak, too many people still lack the education and skills necessary to succeed in the new economy," he told the hemisphere's 33 other leaders — all except President Fidel Castro of Cuba. "In short, too few feel the change working for them."

Although Latin America has experienced economic growth of 15 percent since the 1994 meeting, it has a disparity between rich and poor that is among the greatest in the world.

In their statement Sunday, the leaders noted that some countries in the region, including Mexico, had been experiencing financial problems since the 1994 summit meeting.

But they said that the overall trend in the hemisphere "has been one of faster

economic growth, lower inflation, expanded opportunities and confidence in facing the global marketplace."

"New partnerships have been formed and existing ones strengthened and expanded," they said.

Beyond trade, the summit partners:

- Renewed a 1994 plea for "universal access" to elementary-school education for all children in the hemisphere by 2010 and high-school education for 75 percent of children by then.

- They proposed \$8.3 billion in new loans and grants for better teacher training, more textbooks and other learning programs.

- Pledged to lower barriers for home ownership and starting small businesses.

- Promised a redoubled effort against the "global scourges of corruption, terrorism and crime."

- Set up an Alliance Against Drugs to coordinate better the war on drugs within the Americas.

(AP, NYT, WP)



President Clinton at the Americas summit meeting Sunday in Chile.

Embattled Journalists to Get Advocate

Washington Post Service

SANTIAGO — Even as the era of dictators fades into memory in Latin America, human rights experts say that violence and intimidation against journalists remain among the biggest obstacles to strengthening the region's budding democracies.

In light of the extraordinary level of violence against journalists in Latin America, some of it linked to governments, President Bill Clinton and the leaders of every nation in the hemisphere except Cuba signed an accord Sunday endorsing the creation of a special press

advocate at the Organization of American States. The advocate will have authority to bring cases involving violence against journalists before the Inter-American Court on Human Rights.

The United States will grant \$300,000 in seed money for the new position. Among the leaders signing the decree were the Peruvian president, Alberto Fujimori, and the Argentine president, Carlos Saul Menem, both of whom have been accused of sanctioning threats toward, limitations on and intimidation of the press.

Sidney Blumenthal, a White House

aide, said that restrictions on the press remained in Latin America and that some crimes of impunity and intimidation went completely unpunished.

In 1997, 10 journalists were killed in Latin America, out of 24 slain worldwide, and more than 100 documented incidents of intimidation and violence were recorded in the region, making it the world's most dangerous for journalists, according to the Committee to Protect Journalists. In Colombia, 43 journalists were killed from 1988 through last year; during the same period, 18 were killed in Peru and 12 in Mexico.

Republicans Reap Tobacco Largesse

WASHINGTON — On the same day tobacco executives were called to Congress to discuss a proposed settlement of legal challenges against the industry, Philip Morris poured \$100,000 into the coffers of Republicans who control the House.

Philip Morris' donation on Feb. 24 was the largest the National Republican Congressional Committee received during the first three months of 1998, according to documents filed with the Federal Election Commission.

The committee raised \$227,750 in "soft money" from the tobacco industry during the first three months of 1998. Overall, the committee, which helps to elect House Republicans, raised \$8.7 million in regular contributions between Jan. 1 and March 31.

(AP)

Chicago Lawsuit: Pointers for Jones?

WASHINGTON — Whether Paula Jones succeeds in her efforts to reinstate her lawsuit against President Bill Clinton may depend on a different case that will be argued in less than a week before the U.S. Supreme Court, lawyers who deal with sexual harassment issues said.

On Wednesday, the justices will be asked to decide whether a Chicago businesswoman may claim sexual harassment after she was subjected to sexual advances by a supervisor, but suffered no adverse job consequences after she refused to comply. One issue is whether a legal case of sexual harassment is possible when no tangible detriment occurs at the workplace.

In dismissing the Jones lawsuit this month, a federal judge said one reason for the ruling was that Mrs. Jones failed to show any tangible detriment at her job even if the allegations she made about Mr. Clinton were true.

(NYT)

Quote/Unquote

Newt Gingrich, the speaker of the House, on his opposition to a tobacco bill and his proposed tax increase and new regulatory power: "It's going to be very hard to get through the Congress a bill which gives big government more money for more bureaucrats."

(AP)

AMERICAN TOPICS

Problem Gambling Strikes Rising Number of Students

The spread of casinos around the United States may be contributing to a rise in problem gambling among college students.

A Harvard Medical School study found that half of college students surveyed in the United States and Canada said they had gambled at a casino in the previous year.

In New Jersey, "gambling is festering in every high school and college," said Edward Looney, director of the New Jersey Council on Compulsive Gambling. "It's absolutely epidemic."

At the University of Kansas in Lawrence, an hour's drive from six casinos, students have formed a chapter of Gamblers Anonymous.

Consider the case of Michael Hudspeth of Kansas City, Missouri. He started gambling as a junior high school student, shooting craps for lunch money on the cafeteria floor. When he went to college at Missouri Western College, he played dice aboard Missouri's riverboat casinos.

His losses grew. He once borrowed \$2,000 as a student loan then lost it in a night. He also ran up credit card debt.

The legal age to gamble is 21 in most states. But just as underage students have found ways to buy alcohol, many manage to get into casinos. Missouri's riverboat casinos have adopted a program called Project 21 to remind minors that for them, gambling is illegal.

Short Takes

Some are questioning the wisdom of a Los Angeles high school, in an area where one-third of the students speak limited English, investing \$12,000 to build a golf driving range and putting green. But backers of the project at James Monroe Senior High School say the students' newfound enthusiasm for golf, and the doors it will open for them later, provide the answer.

"We're trying to break the stereotypes," Todd Tyni, a business teacher and golf coach at Monroe, told the Los Angeles Times. "I've heard so many kids talk about Tiger Woods and say, 'If he could do it then maybe I could do it too.'"

Paul David of the Washington-based Minority Golf Association of America, likes the idea. "Golf is an equalizer," he said. "You may go in from a disadvantaged background or

as a minority for a job interview, and if you have down on your résumé that you are an accomplished golfer with a 2 handicap, you've already caught their attention."

The golf team has doubled in size since the facility opened, and students line up during lunch hour to hit balls. Now, says Mr. Tyni, "if I can just get my hands on the football field."

President Bill Clinton, ever aware of his eventual place in history, may have been reading the works of a predecessor, Calvin Coolidge, when he adopted a canine friend, Buddy, to join his cat, Socks.

"Any man who does not like dogs and does not want them about, does not deserve to be in the White House," Silent Cal once said.

Other presidents, according to an exhibit on presidential pets at the Herbert Hoover Library in West Branch, Iowa, agreed that dogs could make for good politics, as when Franklin Roosevelt famously turned attacks on himself and "my little dog Fala" to his advantage.

But Woodrow Wilson, one of the nation's less cynical presidents, saw the dog as a handy moral litmus test. "If a dog will not come to you after he has looked you in the face," he said, "you ought to go home and examine your conscience."

Brian Knowlton

BOOKS

SAINTS AND VILLAINS

By Denise Giardina. 487 pages. \$25. Norton.

Reviewed by Susan Osborn

THE Berlin-born theologian Dietrich Bonhoeffer observed, "Today there are at once more saints and villains. Shakespeare's characters walk among us. The villain and the saint emerge from primeval depths and by their appearance they tear open the infernal or the divine abyss from which they come and enable us to see for a moment into mysteries of which we had never dreamed."

"Saints and Villains," Denise Giardina's fourth historical novel, traces the moral development of this sensitive and prescient pastor who, with a small band of government and military officials, conspired to kill Hitler during World War II.

Born into an upper-middle-class family at the beginning of the century, Bonhoeffer, a sheltered and dreamy loner, turns to theology after a failed attempt at musicianship. He studies at Union Theological Seminary in New York City, where he befriends an African-American student, Fred Bishop, who exposes him to racism in Harlem and the South. Perhaps the most salient of these experiences oc-

curs in Hawks Nest, North Carolina, where Bishop, Bonhoeffer and two others have traveled to investigate the mysterious deaths of black men pulled off bread lines to help dig a tunnel. To protect Bonhoeffer from the scrutiny of those doing the hiring, Bishop strips him of the accoutrements of selfhood — he must wear hobo clothes and is told to conceal his accent by pretending he's mute. This foray into depersonalization foreshadows what Bonhoeffer witnesses happening to Jews when he returns to Germany.

Giardina's strength lies in her ability to show how historical particulars craft individuality; indeed, in "Saints and Villains," Bonhoeffer's self is articulated almost entirely by his confrontation with historical events, both public and private. For example, when his sister's Jewish father-in-law dies, some members of the Bonhoeffer clan refuse to attend the service, and Bonhoeffer himself refuses to conduct it. As a result, his girlfriend leaves him. But after a period of self-scrutiny, Bonhoeffer begins to resist Nazism first by writing sermons that protest Germany's betrayal of Christian values, later by smuggling Jews and information out of the country.

The bulk of this story consists of scenes in which Bonhoeffer struggles with his conscience and various tenets of

Christian theology as he confronts the decline of his country's moral values. But the Holocaust presents him with a unique atrocity, one, at odds with the consolatory myths valued by his Christian faith. His inability to find a familiar context for the Holocaust — his inability to transform what he hears and knows about the plight of German Jews into a tale of Christian redemption — suggests the paucity of his moral vocabulary when he is faced with the details of Nazi rule.

Re-creating a life from biographical sources is an act of imagination that requires an ability to theatricalize the person being represented and his world. Unfortunately, that ability is not well apparent here. The book consists primarily of static doctrinal and moral conversations between Bonhoeffer and others; as a result, characters sound, at best, like puppets reading from political pamphlets, at worst, like characters in a grade-B flick.

What might otherwise have been a provocative and multifaceted psychological portrait of a Christian pacifist-turned-conspirator is finally a disappointingly uninspired account.

Susan Osborn, author of "Surviving the Wreck," who is writing a book on the Holocaust, wrote this for The Washington Post.

BRIDGE

By Alan Truscott

PLAYERS from the New York metropolitan area were prominent in almost all the major events in the closing stages of the American Contract Bridge League's Spring Nationals in Reno at the end of March. The team headed by Richard Schwartz of East Elmhurst, Queens, won the Vanderbilt Knockout title, and Jim Cayne of Manhattan led the runner-up squad.

Cayne has a curious record. In recent years he has finished second seven times in major team championships without a victory. This time he barely survived the semifinal, winning by twoimps against a team led by the sentimental favorite, 82-year-old George

Rapée of Manhattan.

The Women's Teams winners were Rose Johnson of White Plains, New York, together with Jo Morse of West Palm Beach, Florida, Karen McCallum of Exeter, New Hampshire, Hjoris Eythorsdottir of Huntsville, Alabama, and Lynn Baker of Austin, Texas.

The Women's Team winners barely survived the qualifying stage and were helped by the diagramed deal.

Baker and McCallum, as East and West, defended four hearts after a sequence in which North made a responsive double, which in this context normally indicates equal length in the major suits.

The defenders led two rounds of diamonds, and South ruffed with the jack.

She now needed to maneuver three spade tricks and one more diamond ruff to make her game, which was possible but not easy. The winning move was to lead a low spade at the third trick after which the defense would have been helpless. After a club shift, for example, South can win in dummy, ruff a diamond high, draw trumps and take a spade finesse.

But South mistimed the play by overtaking the heart queen with the king at the third trick to take a spade finesse. Now she surrendered a spade, but had opened the door for a lethal spade return, cutting a vital line of communication to her own hand.

If South had made this shaky contract, which was understandably not reached

in the replay, her team would have qualified and the eventual winners would have been on the sidelines during the final day.

NORTH			
♠ 10 7 6			
♥ K 10 9 8			
♦ 7 4 2			
♣ A 9 8			
WEST			
♠ J 4 2			
♥ 7 3			
♦ K 10 8 6 3			
♣ K 5 2			
EAST (D)			
♠ K 8 3			
♥ 6 4 2			
♦ A J 5			
♣ Q J 10			
SOUTH			
♠ A Q 8 5			
♥ A Q J 3			
♦ Q			
♣ 8 7 4 2			

Both sides were vulnerable. The bidding: East 1 ♠ Pass South 3 ♥ Pass West 4 ♥ Pass North 4 ♥ Pass

West led the diamond six.

"I know it's late, but I'd like some sushi. How far do I have to go?"



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INTERNATIONAL

Terry Sanford, Liberal Southern Politician in '60s, Dies at 80

By David Stout
New York Times Service

WASHINGTON — Terry Sanford, 80, who lowered racial barriers as governor of North Carolina in the 1960s, setting the style for a new kind of Southern politician, and became a senator and presidential candidate, died Saturday at his home in Durham, North Carolina.

The cause was complications from cancer, said Duke University, where Mr. Sanford was treated and where he was president from 1969 to 1985.

Until he was diagnosed with cancer in December, he had taught government and public policy at Duke and practiced law. He was pres-

ident of the university, in Durham, after he served as governor and before his single term in the Senate.

Mr. Sanford was at various times a lawyer, a member of the North Carolina state senate from 1953 to 1955 and, in the early 1940s, an agent of the Federal Bureau of Investigation.

He was governor from 1961 to 1965, a time when civil rights demonstrations were frequently met with violence. In a speech on Jan. 18, 1963, he called for an end to job discrimination against blacks and announced the creation of a biracial panel, the North Carolina Good Neighbor Council, to work toward that end.

"Despite great progress, the Negro's opportunity to obtain a good job has not been achieved in most places across the country," Mr. Sanford said.

Opening more opportunities would be good for the state's economy, he said, but there was a far more compelling reason. "We will do it because it is honest and fair for us to give all men and women their best chance in life," he said.

By today's standards, those words seem unremarkable. But in January 1963, when Governor George Wallace of Alabama delivered his "segregation forever" inaugural address, Mr. Sanford's stand for civil rights was seen as particularly courageous for a governor from the old Confederacy.

Mr. Sanford established himself as one of the most liberal Southern governors — too liberal, in the eyes of some constituents — as he named black people to high state positions, pushed state lawmakers to raise more money for schools and started an

anti-poverty program that was a forerunner to President Lyndon Johnson's War on Poverty.

In some ways, Mr. Sanford was a contradictory politician. He seemed to have good timing but bad luck. He had shrewd instincts, yet he seemed to lack burning desire. His changes of mind and heart confounded ally and rival alike.

Mr. Sanford was an early supporter of John Kennedy's quest for the presidency, and so enjoyed easy access to the White House in the early 1960s.

The president's personal secretary, Evelyn Lincoln, later wrote in a book that Mr. Kennedy had told her he was thinking of Mr. Sanford as his running mate for 1964.

His own liberal programs notwithstanding, Mr. Sanford preached the virtues of "state responsibility," if not states' rights, as an antidote to creeping "big federal government."

Under state law, Mr. Sanford could not succeed himself as governor.

He tried for the White House in 1972 and in 1976, while he was president of Duke University, offering himself as a candidate for those disenchanted with the political system and those who were part of it.

Mr. Sanford, who had declared his support for school integration, was beaten in the 1972 North Carolina Democratic primary by Governor Wallace of Alabama. That humiliating loss in his home state effectively ended his candidacy.

Four years later, Mr. Sanford ran for president again but dropped out early. He said he had found it impossible to gain enough news coverage and to raise enough money, and that he was sick of campaigning.

In 1986, having left Duke, Mr. Sanford ran for the Senate and won a narrow victory. In the Senate, he gained a reputation for intelligence, decency and, in one celebrated instance, indecision.

In 1987, after President Ronald Reagan had vetoed an \$87.9-billion highway bill,

Mr. Sanford changed his mind three times: first voting simply "present" on a vote to override the veto, then voting to sustain the veto and finally, under tremendous pressure from other Democrats, switching again and voting to override it.

His vote made the count 67 to 33, the precise margin required to override.

He was defeated in 1982 by Lauch Faircloth, a Republican.

David Blum, 62, Conductor and Writer KIRKLAND, Washington (AP) — David Blum, 62, a conductor and author who organized his first chamber orchestra when he was a teenager, died of cancer Friday.

In 1961 he organized the Esthazy Orchestra and its recordings of Haydn and other 18th-century composers earned international acclaim. In 1969, he became music director of the Lusanne Symphony Orchestra and the Geneva Symphony Orchestra.

He was also a popular guest conductor in Europe.

BRIEFLY

Israel Bars Visit to Prisoner

JERUSALEM — Israeli prison authorities barred two British parliamentarians Sunday from visiting Mordechai Vanunu, a jailed nuclear technician, but their delegation later met a representative of President Ezer Weizman.

"Outside the prison we had an hour or so discussion with prison authorities," Jeremy Corbyn, a Labour member of Parliament. "We asked for permission to visit Vanunu, and this was denied."

Mr. Vanunu has been in prison for 12 years, held until recently in solitary confinement, for telling the Sunday Times newspaper in London that Israel was secretly building atomic bombs. He is serving an 18-year sentence for espionage.

Mr. Corbyn was accompanied by Lord Avebury, a Liberal Democrat member of the House of Lords. The two, deputy chairmen of Parliament's all-party Human Rights Group, were joined by the British actress Susanah York, a patron of a British campaign to free Mr. Vanunu. (Reuters)

Tehran's Mayor Back at Work

TEHRAN — Tehran's moderate mayor, whose 11-day detention on corruption charges touched off a political crisis and public demonstrations, returned to work Sunday.

Gholam-Hossein Karbaschi's car whizzed past hundreds of supporters waiting at the municipality building and dropped the mayor at a back entrance.

Mr. Karbaschi's April 4 arrest raised tensions between moderate and hard-line factions in the ruling hierarchy. He was released Wednesday, a day after about 4,000 protesters calling for his freedom clashed with police. (AP)

Colombia Rights Lawyer Slain

BOGOTA — Assassins posing as journalists have killed Colombia's top human rights attorney, the police said. Police spokesmen said that Eduardo Umaña Mendoza, 50, a defender of Colombia's underclass whose clients included trade unionists, jailed guerrillas, Indians and the families of the country's many "disappeared," was killed Saturday in his office here.

A police spokesman said "two men and a woman who said they were reporters and needed to see him" were responsible for killing Mr. Umaña. He said the lawyer was killed by three shots from what the police believed was a .45 caliber pistol. (Reuters)

BBC Says It Was Not Wrong To Pay Simpson for Interview

The Associated Press

LONDON — The BBC acknowledged Sunday that it had paid O.J. Simpson for an interview, but it denied breaking its own rules and said the money had gone into a fund to help him pay a civil-damages award.

The publicly funded television channel refused to say how much it had paid the former American football star and actor for an interview in which he reiterated his denials that he murdered his ex-wife, Nicole Brown Simpson, and Ronald Goldman. The Express on Sunday said Mr. Simpson had been paid £10,000 (\$17,000) and accused the BBC of violating its own guidelines, which forbid payments to criminals, former criminals or "people whose behavior is clearly antisocial."

Mr. Simpson was acquitted in 1995 of the knife slayings. But last year, jurors in a civil suit found Mr. Simpson responsible and ordered him to pay the Browns and Goldman families \$33.5 million in damages.

"O.J. Simpson was paid a fee in line with our producers' guidelines, as anyone would for a whole TV program," the BBC said in a statement.

The BBC, funded by license fees paid by everyone in Britain with a TV set, said the fee had been paid directly to Mr. Simpson's agent for the civil damages fund.

4 Nigerian Parties Back Abacha as Candidate

Agence France-Presse

LAGOS — Four of Nigeria's five legal political parties have backed General Sani Abacha, the nation's military ruler, as their candidate for the civilian presidential election scheduled for Aug. 1, official radio in Nigeria reported Sunday.

The radio said that four of the five parties authorized by the military regime had adopted General Abacha as their sole candidate in the election, which is aimed at culminating the junta's transition to civilian rule.

During a congress in the northern state

of Kaduna on Thursday, the biggest of the parties, the United Nigeria Congress Party, asked General Abacha to be its candidate.

General Abacha, who seized power in a November 1993 coup that toppled an unelected civilian administration installed by a previous military regime, has made no public comment confirming that he will run in the election.

On Saturday, three other parties — the Congress for National Consensus, the Democratic Party of Nigeria and the National Center Party of Nigeria — se-

lected the general as their candidate.

The last undecided party, the Grassroots Democratic Movement, opened its convention Sunday in Maiduguri, the capital of northeastern Borno state.

In a move seen as a bid to prevent the Grassroots Democratic Movement from adopting General Abacha as candidate, two party delegates have filed a suit against the national chairman and secretary of the party to stop the party nominating anyone who is not a member, the independent Guardian newspaper reported Sunday.

THE INTERMARKET

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TEACHING

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The Board of Trustees of the Lycée Français de New York invites applications and nominations for the position of Directeur/Head of the school reporting directly to the Board of Trustees.

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ASIA/PACIFIC

In a Turnaround, Burmese Junta Moves Against Opium

By Christopher S. Wren
New York Times Service

LASHIO, Burma — In the remote valleys and rugged mountains here in northeastern Burma, opium offers more than a narcotic high. For years, it has provided a livelihood for hill tribes who inhabit the northern expanse of the Golden Triangle, the lush, lawless area of Southeast Asia that is the source of much of the world's heroin.

Opium finances daily needs, from rice and cooking oil to assault rifles. The rifles are used to wage rebellion and to defend the mule caravans transporting the sticky, pungent opium to be refined into heroin for American and European drug habits.

Burma produced an estimated 2,600 tons of opium last year, enough to make more than 200 tons of heroin — at least 60 percent of the world total. But the drug trade is changing along Burma's porous frontiers with Thailand, China and Laos, and one of the most startling shifts may be in the attitude of the military junta that seized power in this country in 1988.

For years the junta tolerated opium trafficking as the price of its cease-fires with insurgent ethnic groups. Now it says it wants to eradicate all opium within five years. To show what it has accomplished, it recently allowed three American reporters into an opium-growing region usually closed to visitors.

Some diplomats in Rangoon, the capital, view the eradication claim skeptically because land devoted to opium cultivation has doubled under the junta's rule, and the country's mismanaged economy has grown to rely on laundered drug profits.

The government says it has eradicated 41,000 acres (16,500 hectares) of poppies, a 10th of the land under opium cultivation in Burma. "The crop eradication areas are

only small parts of the areas they do control," a Western diplomat said. "They are window dressing."

Colonel Gyaw Thien, the chief of Burma's counter-narcotics program, disagreed. "It's quite unfair," he said. "We are making much more effective interdictions and seizures than we have in the past."

Last year, police and army units reported seizing 1.5 tons of heroin, compared with about half a ton in 1996, though their record seizures amount to less than 1 percent of Burma's output. "This drug problem is not only the problem of the United States," Colonel Gyaw Thien said. "It's our problem, too. We know that we cannot fight this alone."

The junta's new policy puts Washington in a quandary because the United States cut off counter-narcotics aid to Burma after the coup in 1988. Restoring such aid could undercut other American economic sanctions and lend legitimacy to a dictatorship that stands accused of widespread abuse of human rights.

Hla Min, deputy director of the Office of Military Intelligence, said: "We think we can get rid of 60 percent of the heroin going into the U.S. in 12 months' time if the U.S. cooperates with us."

A Western diplomat who watched the shift concluded: "What this government wants to do is perpetuate itself in power. They know it's got a bad image. They looked at drugs and found this is the one asset they have. They'd like to use whatever they've done to improve their image and try to get sanctions lifted."

The State Department acknowledges in its latest drug control report that it has no evidence that Burma's government is trafficking in drugs on an institutional level.



A militiaman from the Wa tribe, Burma's most potent opium traffickers.

"However," the report said, "there are persistent and reliable reports that officials, particularly army personnel posted in outlying areas, are involved in the drug business."

The government denies this, citing the arrest of 11 army officers last April for colluding with a heroin refining operation in northern Shan state. The senior officer, a lieutenant colonel, was sent to prison for 25 years. It also deported Li Yunchun, a fugitive trafficker indicted in New York, to Thailand, which handed him over to the United States.

But new traffickers, notably the Wa, a fierce hill people whose ancestors hunted heads, have wrested control of

the lucrative heroin business from remnants of renegade Chinese Nationalist soldiers and rebel militias. Nearly a million Wa straddle the border between China and Burma.

Their insurgent army has diversified from heroin into methamphetamines, powerful synthetic stimulants that have saturated Thailand and since turned up in Japan, Taiwan and Malaysia. Burmese and Western officials said. A Burmese counter-narcotics official said the Wa now make more money from methamphetamines than from heroin and refine both drugs themselves using chemicals smuggled in primarily from China. Because of aggressive interdiction by

the Thai police, the old trafficking routes through the Golden Triangle are shifting from Thailand and into China, or less often Laos and even northeastern India. Some heroin still moves by truck down from the Shan highlands market town of Lashio, through lowland Mandalay to the port of Rangoon.

Eradicating opium could help the military government's strategy of subduing ethnic insurgents who traffic in opium to finance their wars of independence. Government troops cannot enter most Wa-controlled territory without a battle.

With an army estimated at 15,000 to 20,000 men, the Wa have grown so strong, acquiring surface-to-air missiles and modern communications equipment, that government troops say they are outgunned.

"The Burmese would like nothing better than to do away with the drug trade," another diplomat in Rangoon said, "because it would take guns out of the hands of these armies."

The government's creation of a handful of opium-free zones has upset local farmers. "What we're talking about is really changing their life style," said Jorgen Kristensen, an official with the United Nations Drug Control Program, which has introduced alternative development projects. "Poppy cultivation is ingrained in their culture."

At Nam Tit, a Wa town about a half-hour's walk from the Chinese border, Zi Fa said that his grandfather and father grew opium poppies. He earns about \$650 for his own annual crop of 12½ pounds.

Since the government told him to grow soybeans instead, he said, he earns a 10th of what opium paid, not enough to feed 10 family members. "The family is barely surviving," he said.

BRIEFLY

Dissidents Missing From Jakarta Talks

JAKARTA — About 250 students and scholars from various universities held talks with cabinet ministers and military officials in a meeting called by the military aimed at ending widespread campus protests against President Suharto. But students from the universities that have been at the center of the protests were not present.

"This is a circus — the demonstrations may start again tomorrow," Hermawan Sulistyono, a researcher with the Indonesian Institute of Sciences, said Sunday of the talks organized by the military.

Mr. Suharto issued his sternest warning yet to protesting students on Thursday, saying security forces could use "repressive measures" if persuasion failed. (Reuters)

Tamils Said to Lose 5 Gunboats in Clash

COLOMBO, Sri Lanka — Navy gunboats attacked a flotilla of Tamil rebel boats off Sri Lanka's north-eastern coast Sunday, sinking at least five of them, a military official said.

At least 10 Tamil Tiger rebels were killed in the attack off Trincomalee, a navy base 280 kilometers (175 miles) northeast of Colombo, the official said, adding that there had been no navy casualties.

On Saturday, the chief U.S. delegate to the United Nations urged the rebels to lay down their arms and negotiate an end to the civil war.

"We support a political solution which recognizes the legitimate interests of all the peoples of Sri Lanka while preserving the unity of the country," the U.S. envoy, Bill Richardson, said after meeting with President Chandrika Bandaranaike Kumaratunga. (AP)

For the Record

About 500 retirees lay down on train tracks in Anshan, China, blocking traffic for 40 minutes to protest the failure of a state metal works in Liaoning Province to pay wages for six months, the Hong Kong-based Information Center of Human Rights and Democratic Movement in China said. The enterprise is the only source of income for many families. (AP)

In Korea Talks' Failure, Signs of a Return to the North's Hard Line

By Don Kirk
International Herald Tribune

SEOUL — The breakdown this past weekend of the first direct talks between the Koreas in nearly four years means that the North may adopt as tough a line toward President Kim Dae Jung as it did toward his predecessor, Kim Young Sam, diplomatic analysts say.

The South Korean team was still officially optimistic about keeping up the dialogue after returning here Sunday from nearly a week of meetings in Beijing with North Korean delegates, but nobody had any idea when the talks would resume, much less what issues they would cover.

"There is a constant sense of frustration in dealing with the North," said Gerald Segal, Asia specialist with the International Institute for Strategic Studies in London.

"It wouldn't take much for them to

take the basic step," he added, "but they refuse to do so."

The leader of the North Korean team, Chon Gun Chol, based his refusal to keep talking on the South's insistence on linking a deal on the North's demand for fertilizer to a plan for reuniting millions of families divided by the Korean War. The South's chief delegate, Jeong Se Hyun, called for establishing a center for that purpose at Panmunjom, the "truce village" where the armistice was signed in July 1953.

"Although we need fertilizer, we will not exchange it for our independence," Mr. Chon warned before leaving Beijing on Saturday. He advised Seoul not to assume that the North was so desperate for aid that it would agree to another meeting before the South dropped what an aide called "political conditions."

In the face of that position, aides of President Kim pressed to take hope, merely from the fact that the two sides

had squared off on opposite sides of a table at the deputy ministerial level.

"Even though we couldn't have any successful results this time, both sides need dialogue," Park Chong Ho, a spokesman for Mr. Kim, said Sunday. "Both sides have the intention of continuing the dialogue."

The last time they had such high-level talks before last week was in 1994, when representatives from North and South agreed on a summit meeting between President Kim Young Sam and Kim Il Sung, who had led the North since the end of World War II. But the death of Kim Il Sung that July not only ended all talk of a North-South summit meeting but led to a worsening of the confrontation.

President Kim Dae Jung, however, has said he wants to reverse the trend by exchanging envoys between North and South and opening or improving a broad range of ties.

Mr. Kim already has eased restric-

tions on investment in the North and encouraged South Korean business leaders to visit the North much more than they did under his predecessor.

Although it was Pyongyang that initially called for talks in Beijing, the North's response in those talks raises doubts as to whether it is willing to pursue the dialogue on any terms but its own.

"They still feel they can bark, so they're barking," Mr. Segal said. "The South felt they needed a response. Their proposal for family visits was as non-controversial as you could get."

Some observers said they believed the reason the North stalled on the issue of family reunions was the fear that family

members from the North would tell their relatives from the South how desperate conditions are there amid fears of worsening famine this spring.

Richard Grant, head of the Asia program at the Royal Institute of International Affairs in London, suggested that the North was "testing the waters," to see if Kim Dae Jung's position was really softer than that of Kim Young Sam.

"The North is trying to sound out how much Kim Dae Jung is willing to move from the previous government's position," he said. "The room for maneuver is not all that great. I don't think there will be that much give from the North."

BORNEO: As 'Rainy Season' Ends, Fires Devour Virgin Forest

Continued from Page 1

"We had good accessibility to the forest, and we had put in the funds. And what happened? Out of 3,500 hectares, we have 20 left."

"My people were crying in the meeting room; there was nothing more we could have done," he said.

In northern Borneo, even the oil-rich kingdom of Brunei has had little success battling the fires. Smoke from the fires has periodically shut down schools and the airport. On the Malaysian part of the island, a government official said he was considering declaring a state of emergency.

It has been a bad year for Borneo. Farmers have run out of rice; rare animal species have been driven from smoldering jungles, and smoke from the fires has hospitalized tens of thousands of people

across the South China Sea, causing \$6 billion worth of damage to the region's economies, by one estimate.

"People here often ask me: 'Why are we being punished like this? What sins have we done?'" said Peter Karsono, co-founder of the Balikpapan Orangutan Society, a group that reintroduces captured apes into the jungles.

With the upcoming dry season that lasts until October, a serious water shortage is about to set in. In nearby Balikpapan, a city of about 300,000 people, the reservoir has enough water to last for eight days.

The natural disasters on Borneo — an island nearly twice the size of California — are exacerbated by the region's economic crisis. In northern Borneo, big projects that would have infused billions of dollars into the local economy have been canceled.

Malaysia, which shares sovereignty over the northern half of the island, has indefinitely postponed plans for a \$5 billion hydroelectric dam. But more important than the canceled projects, officials say, is the fact that the crisis has pre-occupied policymakers who otherwise would have concentrated on the drought.

"We are competing with the economic crisis and the monetary situation," Juwono Sudarsono, Indonesia's environment minister, said. "It's going to be a difficult job for me to persuade my colleagues in government as well as the business sector" to focus on the island's woes.

He said that although the world's attention may not be focused on Borneo right now, that could change when wind patterns due next month push the smoke from the fires back toward peninsular Malaysia and Singapore — as happened last year.

Scientists say blame for the drought and fires can be partly attributed to the El Niño weather phenomenon, which has caused freak weather patterns on both sides of the Pacific Ocean. But people also are responsible, Mr. Juwono said.

"I would say that about 50 percent of the situation has

been caused by human behavior," he said. "Particularly the farmers and the plantations, as well as the timber industry." The environment minister said he was trying to get laws enforced that restricted land clearing by fire.

Experts say the fires and drought have caused destruction they never imagined possible: Even virgin forests — jungle that has never been cleared — are burning.

"Theoretically, fires cannot take place in a tropical forest," said Evelyn Hong, an anthropologist at Sabah Alam Malaysia, an ecological research center. "Our forests are moist. For it to happen means that something has been very drastically changed in the forest ecology."

Mr. Smith said he recently saw a 30-kilometer (19-mile) stretch of virgin forest burn to the ground.

"That I've never seen before," he said. "Really closed forests where no people were living. You can't refer to history or known facts anymore."

April usually heralds the end of the rainy season here and its daily tropical showers. But people in Samarinda say that before a modest shower Friday they had not had a drop of rain in four months.

SUMMIT: New Offer on Kurils

Continued from Page 1

The talks provided a brief respite from potentially disastrous domestic political problems facing the two leaders, and each seemed to relish the break. On Saturday, in talks in an airy solarium facing the sea and as they enjoyed fireworks and a demonstration of taiko drumming, Mr. Hashimoto and Mr. Yeltsin laughed heartily and traded potentially lucrative offers.

Mr. Hashimoto told Mr. Yeltsin that Japan was prepared to release \$600 million in commercial loans to Russia this year as part of a plan, announced in February, to lend Russia \$1.5 billion in the next two years.

[The two countries also agreed to what was believed to be the first swap involving reduction of so-called greenhouse gases under a 1997 United Nations accord on global warming, Reuters reported.]

[Under the agreement, Japanese companies would go into about 20 Russian power plants and factories to reduce their emissions of the gases.]

[The deal was believed by energy analysts to be the first on joint implementation measures provided for in a treaty reached last December in

Kobe, Japan, that commits industrialized countries to the reduction of greenhouse gases. Under the pact, countries or companies helping to cut emissions of the gases in another country are entitled to offset the amount against their own emissions.]

Despite lingering questions about his health, Mr. Yeltsin, 67, looked ruddy and strong Saturday after a 10-hour overnight flight to Japan.

Just hours before he left Moscow, Mr. Yeltsin suffered another defeat when the lower house of the Russian legislature rejected his nominee for prime minister, Sergei Kiriyenko, for the second time in a week.

Mr. Hashimoto is struggling with economic troubles that threaten to sink the world's second-largest economy. A spokesman for Mr. Hashimoto said the two leaders had not discussed their domestic problems.

Mr. Yeltsin has hinted that Russia might consider returning the disputed islands, although Mr. Kiriyenko, just before his nomination was voted down for the second time, assured legislators that Mr. Yeltsin was not planning to trade away Russian territory.

"Nobody is planning to give away anything," he said.

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million people celebrated the Christian Easter on Sunday, April 10, in the United States. In other parts of the world, Christians celebrated the festival a week earlier, on March 27. The date of Easter varies according to the religious calendar, which is based on the Julian calendar.

EUROPE

Schroeder Rides Rising Polls in Germany as Kohl Campaign Loses Steam

By William Drozdiak
Washington Post Service

BERLIN — Five months ahead of Germany's national election, the opposition Social Democrats have surged ahead in the polls amid signs of growing public disenchantment with Chancellor Helmut Kohl's ruling conservatives after 16 years in power.

While renowned for his political comebacks, Mr. Kohl appears to be facing his gravest crisis as opinion surveys show widespread disillusionment with his squabbling coalition partners, his failure to create jobs and his poor record at keeping campaign promises.

As Europe's longest-serving leader winds up his annual spring vacation at an Austrian spa, close advisers say Mr. Kohl, 68, has only now come to realize

the enormity of the challenge posed by Gerhard Schröder, his Social Democratic rival.

Little headway has been made so far with a scare-mongering strategy that depicts the potential perils of a government run by the Social Democrats and the Greens. When the Greens floated the unpopular idea of tripling gasoline prices to nearly \$12 a gallon in order to cover social security deficits, Mr. Kohl's conservative allies failed to capitalize on the tactical mistake by the ecology party.

The slumping popularity of Mr. Kohl's Christian Democrats has been particularly acute in Eastern Germany, where many former supporters of the leader who reunited Germany have turned against him because his promises of creating "flourishing landscapes" in

the East have been marred by rampant unemployment.

In the 1994 election, the Christian Democrats maintained power largely by capturing close to 40 percent of the vote in Eastern Germany. But now, even Mr. Kohl's strategists acknowledge that nearly half of their former voters in the East have deserted the party.

With the latest polls showing that they are running more than 10 points ahead of Mr. Kohl's party, the Social Democrats celebrated their rising fortunes at a weekend party congress held in Leipzig where they rallied around the telegenic Mr. Schröder as the candidate who they hope will be able to restore them as Germany's dominant political party.

Ninety-three percent of the more than 500 delegates approved Mr.

Schröder's nomination to become the next chancellor. The support pleased Mr. Schröder, whose pro-business attitudes have played well among voters, but dismayed some of the party's die-hard leftists.

The congress also approved a centrist election manifesto that emphasizes the need to cope with the challenges of a global economy and new technologies. Mr. Schröder hailed the manifesto as the most "market-oriented" platform in the Social Democrats' history.

In a rousing two-hour speech, Mr. Schröder lambasted Mr. Kohl as the "chancellor of unemployment" and claimed that after 16 years the country had grown weary with a government that "no longer is capable of focusing and stimulating the creative talents in Germany."

He said that Mr. Kohl's tenure had been unhealthy for a modern democracy because it bred "paralysis, stagnation and crippling pessimism" in dealing with Germany's social and economic problems.

Mr. Schröder pledged to trim Germany's bloated bureaucracy and curb the sprawling state sector, which now controls more than half of the nation's economy. "We don't want the government in our faces anymore, but at our sides," he said.

Mr. Schröder, 54, has shrewdly played to the country's yearning for change by stressing Germany's tardiness in bringing a new generation to power.

He promised the Social Democrats that he would emulate the electoral triumphs of rejuvenated Socialist parties

in France and Britain and introduce a fresh, modern approach to government.

Following the script of his role model, Prime Minister Tony Blair of Britain, Mr. Schröder vowed to reduce taxes and find innovative ways to get people off welfare.

But Mr. Schröder skirted the central question that many Germans are starting to ask: If the Social Democrats emerge as the biggest party after the election, will they shirk the idiosyncratic Greens in favor of a grand coalition with the Christian Democrats?

Mr. Kohl has ruled out the idea and said he would retire before playing second fiddle to his Social Democratic rival. But Mr. Schröder has said he would keep all options open until the final votes are counted Sept. 27.

Adams Tries a Sinn Fein Balancing Act

By James F. Clarity
New York Times Service

DUBLIN — Since the announcement of a Northern Ireland peace agreement, Gerry Adams, leader of the Irish Republican Army's political wing, Sinn Féin, has taken two quite different approaches with different Roman Catholic political groups in seeking to win their support for the agreement in next month's referendum.

With Sinn Féin moderates, he says he opposes guerrilla warfare between Northern Ireland's Catholic minority and Protestant majority and gently advocates the new agreement as a step toward the republican goal of a united Ireland.

But with hard-liners in Sinn Féin and the larger republican movement, he says he can understand why they despise the agreement as a sellout of principles and why they want to continue the "armed struggle." He has even praised as heroes the IRA guerrillas who have killed hundreds of people in their fight to force Britain out of the North.

Mr. Adams was among the political leaders who approved the agreement April 10. But republican hard-liners' vigorous criticism of the accord has been pushing him to say the things he knows will please those zealots who believe the IRA is wrong to observe a cease-fire and that Mr. Adams is a traitor.

Mr. Adams has been assisted in his campaign by the way in which the peace agreement was approved. It was formally announced in Belfast by George Mitchell, the former U.S. senator who was chairman of the peace talks. Although Mr. Adams and seven other Northern Irish party leaders conveyed their verbal support for the agreement to Mr. Mitchell, they signed nothing.

This has enabled Mr. Adams to have

it both ways: To moderates in the republican movement, he approved the agreement. But to hard-liners, he signed nothing and did not commit Sinn Féin to anything.

Mr. Adams' primary concern is to avoid a split in his party that could weaken it in the referendum to be held May 22. Early newspaper polls have shown heavy Sinn Féin support for the agreement. On Saturday, however, a conference of Sinn Féin leaders in Dublin voted to postpone for two weeks a decision on whether to endorse it.

Irish and British officials say that if Sinn Féin walked away from the document and refused to take part in the new political structure envisioned for the North, the peace effort would collapse into a new round of terrorist attacks by both sides.

To placate the republican hard-liners, after the April 10 announcement, Mr. Adams and Martin McGuinness, the party's chief negotiator, immediately went out to make their case.

On April 12, at a celebration marking the anniversary of the 1916 Easter Rising, the most important date in Irish republican consciousness, Mr. Adams told a republican group in County Tyrone, Northern Ireland, that the agreement was "another phase of our struggle." Acknowledging that he had not won a united Ireland, he went on to praise the IRA guerrillas for their "tenacity and commitment," adding that he was paying tribute "not just to their role when they make war but also to their role when they provide the opportunity for making peace."

Since 1969, the IRA has been responsible for about half of the 3,200 deaths in the fighting in Northern Ireland. Mr. Adams was admitted to the peace talks on the condition of an IRA

cease-fire, which was called last July, and on his pledge to shun violence.

Mr. McGuinness said he and Mr. Adams wanted to ensure that "there is enough in the constitutional stuff to move us forward, in a transitional way, to our primary objective, which is still and always will be the eventual reunification of Ireland."

The "constitutional stuff" would change the political structure in Northern Ireland. The agreement, if approved in the referendum, would establish an assembly with a voting system giving the Catholic minority more power. This assembly, in turn, would establish a North-South council to give the Irish Republic more influence in the North's affairs.

Ulster Unionists Approve Peace Plan

By T. R. Reid
Washington Post Service

BELFAST — Responding to the palpable yearning for peace among their constituents, leaders of Northern Ireland's largest political party have strongly endorsed the new agreement designed to end almost 30 years of street warfare and terrorism in this British province.

Delegates of the Ulster Unionist Party voted 540 to 210 to approve the plan, providing a major burst of momentum for backers of the agreement reached April 10 as voters begin to focus on the impending referendum that will determine whether the peace plan takes effect.

Since the multiparty agreement was reached, politicians here and in the Republic of Ireland to the south have en-

gaged in a fairly bitter debate over the details. The general public, though, seems to have ignored the arguments and eagerly embraced the chance for peace.

Opinion polls last week suggested that voters in Northern Ireland support the deal by 73 percent to 14 percent, with 13 percent undecided. In the Republic of Ireland, 61 percent of those surveyed supported the agreement, while 20 percent opposed it, with 19 percent uncertain. Referendums will be held May 22 in Northern Ireland and in the Republic, and voters both in the north and in the south must approve the plan for it to become law.

David Trimble, head of the Ulster Unionist Party and the top individual vote-getter in the province, noted Saturday that the public seemed largely to have made up its mind on the deal.

Walking into the party meeting Saturday, he said, "I encountered about 80 excited journalists on the street—and about four excited members of the public."

Still, endorsement by Mr. Trimble's party was considered necessary for approval of the peace plan. A "no" vote presumably would have left voters too confused and frightened to accept the plan.

If the party conference had not backed the plan, Mr. Trimble said, "I would have gone to Downing Street and said, 'The referendum is off.'"

Leaders of the largest nationalist party in the province, the Social Democratic and Labor Party, have already endorsed the peace plan. With the overwhelming vote Saturday from the Ulster Unionist leadership, the agreement now has the support of the largest political parties in both camps.



Gerry Adams, left, and Martin McGuinness of Sinn Féin in Dublin.

Havel Is Placed On Respirator To Help Lung

The Associated Press

VIENNA — President Vaclav Havel of the Czech Republic was on an artificial respirator Sunday and in a medically induced sleep after he underwent an unexpected procedure to clear a lung Saturday, doctors said.

Doctors at the University Clinic in Innsbruck cleared a lung Saturday after it became blocked with fluids. Mr. Havel underwent surgery Wednesday for a ruptured colon and acute peritonitis.

"He is now in a sleep induced by medication and on a respirator," said Werner Lingens, a physician at the clinic.

Dr. Lingens said the Czech president was put on an artificial respirator so that those parts of the lung that had been cleared would remain open, "because there is a tendency that they may become blocked again."

Dr. Lingens said it was not possible to say how long artificial respiration would be required.

Mr. Havel, who is under intensive care, has a fever because of the lung problem, the Austria Press Agency quoted other doctors as saying.

His circulatory system was stable, they added, and all other organs were functioning well.

On Sunday, the president underwent another computer tomograph examination, which did not reveal any inflammation or abscess in the abdominal area, the Czech news agency CTK quoted an official from the presidential office, who is in Innsbruck, as saying.

BRIEFLY

Paris Mayor Vows To Finish His Term

PARIS — Jean Tiberi, the Gaullist mayor of Paris, pledged Sunday to remain in office despite a rebellion by his political allies.

Mr. Tiberi's position as mayor was undermined this month when Jacques Toubon, a former justice minister, announced that he and about 30 other councilors were forming an independent political group. Stripped of their support, Mr. Tiberi has lost his majority on the city council but pledged to finish his term, which ends in 2001.

"I was elected for six years, and I will stay on as mayor," he said, accusing his allies-turned-rivals of a "coup d'état."

(Reuters)

Yilmaz Blasts EU

ANKARA — Prime Minister Mesut Yilmaz said Sunday that Turkey, denied membership in the European Union, no longer considered joining the Union a priority.

"The EU policy of discrimination that we faced at the Luxembourg summit has shown that the EU cannot continue to be Turkey's only top priority objective," Mr. Yilmaz said.

In December, EU leaders set terms for the admission of 10 former Communist states and Cyprus to the Union but rejected Turkey's candidacy.

(AFP)

Croatia Libel Trial

ZAGREB — As the trial of a Croatian journalist being sued for libel by the government resumes Monday, his colleagues and lawyers are mounting a campaign to end criminal prosecution of the media.

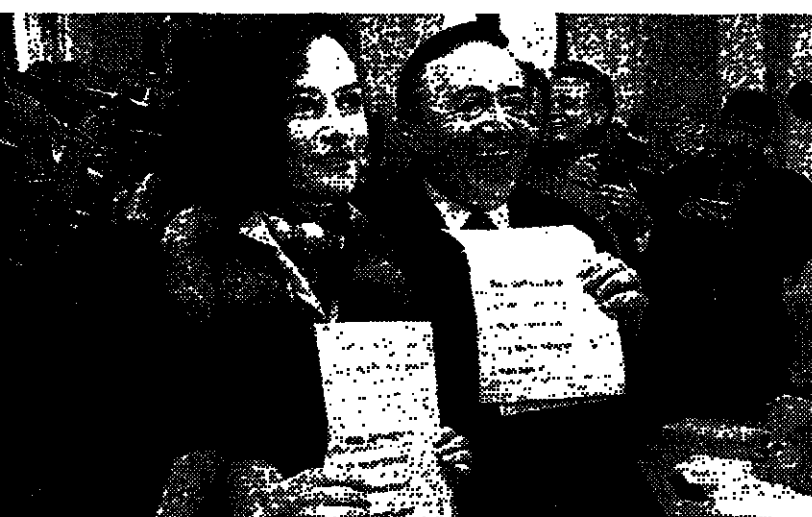
Davor Burikovic, former editor of the weekly Globus, faces libel charges after the magazine last year published details of a U.S. report alleging high-level corruption in the government. Mr. Burikovic faces up to eight years in prison if found guilty and the magazine could be fined \$645,000.

(Reuters)

For the Record

About 300 million people across the world celebrated the Orthodox Christian Easter on Sunday. While other Christians celebrated Easter a week earlier, Orthodox believers schedule their religious observances according to the Julian calendar.

(AP)



Richard Lugner, a candidate, and his wife voting Sunday in Vienna.

Klestil Is Re-elected Austrian President

Agence France-Presse

VIENNA — President Thomas Klestil was comfortably re-elected to a second six-year term Sunday, the Interior Ministry announced after all votes were counted.

The 65-year-old conservative head of state scored 63.49 of the vote, against 13.53 percent for Gertraud Knoll, a Lutheran bishop, his nearest rival among the four challengers.

"I am happy and contented that such a clear majority of Austrian men and women have given me their confidence," he told the APA news agency, saying that the vote was "a clear confirmation of my fair and nonpartisan office."

The president of Austria, which takes over the six-month rotating presidency

of the European Union on July 1, has a relatively powerless role when government is functioning normally.

Mr. Klestil is an ardent advocate of North Atlantic Treaty Organization membership for Austria.

Of the other candidates, third place was taken by the leader of the centrist Liberal Forum, Heide Schmidt, with 11.08 percent, just ahead of Richard Lugner, a building tycoon, with 9.94 percent. Karl Nowak, an anti-NATO and anti-EU candidate, got 1.96 percent, according to the exit polls.

Turnout was 73.85 percent of the country's 5.8 million voters, relatively low for Austria, where more than 80 percent of electors usually go to the polls.

Mr. Klestil, dubbed "Emperor Klestil" by the Austrian magazine Profil, virtually ignored his adversaries and refused to take part in any televised debate with them. A former diplomat, he was first elected in 1992 on the ticket of the conservative Austrian People's Party. In this election he ran as a non-party candidate.

His path back into the Hofburg Palace was cleared when the Social Democrats, who govern along with the Austrian People's Party, agreed not to put up a candidate against him.

Chancellor Viktor Klima, a Social Democrat, welcomed the vote Sunday evening, saying it showed that the Socialists' "decision not to put forward its own candidate was sensible."

The Shroud of Turin: Revisionists Cast Doubt on the Doubters

By Alessandra Stanley
New York Times Service

TURIN, Italy — Faded, worn and so fragile it had to be stitched to a white lining to keep it from disintegrating, the Shroud of Turin was put on public display this weekend for the first time in 20 years.

Hung lengthwise over purple drapery high in the dark nave of the Turin Cathedral, the shroud bears the faint traces of a man's face, limbs and folded hands, visible even behind the bulletproof, hermetically sealed glass casing and steel frame.

Millions of Christians believe that the 14-foot-3-inch by 3-foot-7-inch (4.34 meters by 1.06 meters) linen cloth, imprinted with the image of a man's face and tortured body, is the burial shroud of Jesus. It is one of the most famous and venerated religious objects in the Roman Catholic Church. Even for nonbelievers, questions about its provenance have kept the shroud the subject of intense debate.

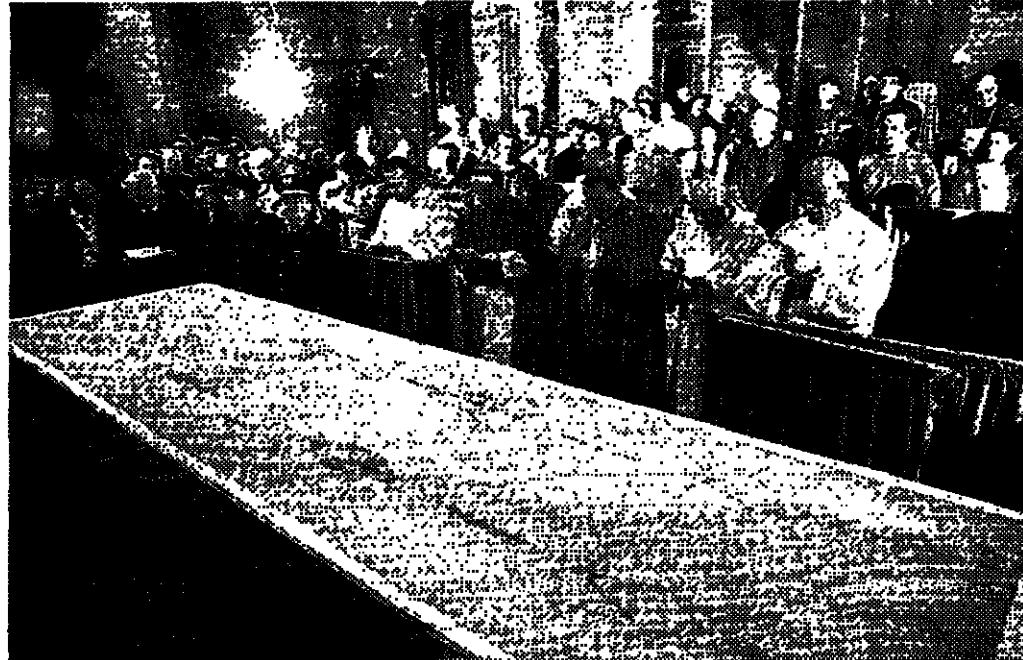
"It is unique, there is no other," Cardinal Giovanni Saldarini, the Archbishop of Turin, said Saturday. "The word 'relic' is incorrect and inadequate. It is an icon that speaks to us of the passion of Christ."

After carbon-14 dating tests in 1988 led a group of scientists to place the cloth's date between 1260 and 1390, and suggested it was most likely a medieval forgery, the Shroud of Turin lost some of its mystery but little of its fascination.

The shroud, which until now was kept rolled around a wooden stake and stored in a silver casket, became the reigning symbol of the clash between science and religious belief.

Now, at its unveiling, for the fourth time in this century and at the cathedral's 500th anniversary, there are scores of revisionist scholars who are casting doubt on the doubters and broadcasting their findings over the Internet. On the cusp of the millennium, the shroud has taken on yet another significance — the odd marriage of ancient faith and cyberspace.

In 1978, many of the 3 million pilgrims had to wait 16 hours in line to see the shroud. Now, visitors can reserve a viewing time by telephone or over the Internet, and 835,000 have already signed up.



After dating tests in 1988, the shroud lost some of its mystery but little of its fascination.

More than 3 million pilgrims and tourists are expected to travel to Turin to see the shroud, which will be on view until mid-June. The Pope, who saw it in 1978 when he was the archbishop of Krakow and again in 1980 in a private viewing, also plans to make the pilgrimage, on May 24. But as of this week, millions more will be able to click onto a live Internet hookup to the nave of the cathedral.

Every detail, theory and countertheory of the relic's history are chronicled and debated on more than 30 Shroud of Turin Web sites, including the Web page of the Turin Fire Department, which proudly recounts how a 44-year-old firefighter, Mario Trematore, rescued the shroud during an accidental fire April 11, 1997, that destroyed

much of the chapel built to house it.

Preparations for the viewing began more than a year ago and went on until the last minute. Clenching pins in their mouths and wearing tape measures around their necks like tailors, a Swiss textile conservation expert, assisted by a Carmelite nun, gingerly sewed the flimsy cloth to its linen and felt lining late on Thursday.

"I had never seen it before," said one of the first people to view it Saturday, Maria Gabriella of Savoy, 57, whose family took possession of the shroud in 1453. "It is very striking and very beautiful." Her father, Umberto II, who was the last king of Italy until he was sent into exile in 1946, bequeathed it to the Pope at his death in 1983. "It is not for me to say whether it is real,"

the princess said. "But I believe it is."

Scientists have long questioned the shroud's authenticity, but over the last few years, an army of revisionist scholars has resited the evidence, using new techniques to uncover clues that contradict the carbon-dating. Last year, Avinoam Danin, an Israeli plant expert at the University of Jerusalem, published a report after analyzing threads from the linen and detected traces of pollen in the flax (believed to have dropped into the linen from flowers laid on the shroud). He stated that some of those species are found only in the Middle East.

Certainty, though, remains a matter of faith — religious or scientific.

Cardinal Saldarini, 73, said he would leave it to his successor to decide whether to allow further testing. The Vatican has not officially labeled the shroud a relic of Jesus and discourages believers from pinning their faith on the shroud's authenticity. "The shroud is not Christ, it is a reference to him," The cardinal wrote last January.

The first documented descriptions of a burial shroud bearing the features of Jesus date back to 1349, when a French knight, Geoffroy de Charny, wrote to Pope Clement VI to tell him of the shroud he had found, though he did not explain how. Relics were a thriving industry in the Middle Ages — the ruler of Saxony claimed to own 17,000, including a feather from the wings of the Angel Gabriel.

Within Geoffroy de Charny's lifetime, the shroud began attracting pilgrims.

It narrowly escaped destruction in a fire in 1532, in Chambéry, France. A drop of molten silver from its coffin dropped on it, and the cloth still bears water and scorch marks. The Savoy family transferred it to Turin in 1578.

In 1978, the year of the last public viewing, church officials allowed a series of tests over five days that included X-rays, chemical analyses and thermography and that led scholars to conclude that the bloodstains were genuine, and that the linen was indeed an ancient burial shroud. Ian Wilson, author of a 1978 best seller "The Shroud of Turin," described it as "a literal 'snapshot' of the Resurrection."

EDITORIALS/OPINION

INTERNATIONAL
Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Kabila Goes Too Far

The United Nations has been looking into the allegations that President Laurent Kabila of Congo, in his role as the head of state, is increasingly seen to be the manner of Joseph Mobutu, massacred tens of thousands of Rwandan refugees. Mr. Kabila's response has been to harass and intimidate the UN team to a point now compelling Secretary-General Kofi Annan to pull out the investigators.

For many people, this will be all they need to make a judgment on the mass murder allegations against Mr. Kabila. Why else but to cover up an involvement in killing would he insult the United Nations and put his international standing on the line?

It is not that the United Nations has been pushy or overbearing with regard to President Kabila. On the contrary, his accession was welcomed as a new broom to sweep up after the crashed President Mobutu. Doubts about him were widely suppressed.

Encouraged by the Clinton administration, Mr. Annan saw to the removal of the chief investigator ap-

pointed by the UN Human Rights Commission, and otherwise deferred to Mr. Kabila's views on how the team should be run.

This is the same President Kabila whom President Bill Clinton met just last month in Uganda. Mr. Clinton praised him for ousting the late President Mobutu but warned about his record since, stating, "You haven't come this far to fail."

Inconvenient as the exercise may be, President Kabila's conduct makes it unavoidable to ask whether he is the solution or the problem of post-Mobutu Congo.

His readiness to stick a finger in the eye of an American president who had taken his side is far from the most egregious of his offenses. Truly grave is his reputation of an accredited, rule-abiding UN human rights mission. To let him get away with it would strike a direct blow at the integrity of the United Nations. Why should he be permitted to retain his seat one more day in the organization he defies?

—THE WASHINGTON POST.

No Progress in Iraq

"It was clearly apparent that all sites had undergone extensive evacuation. In all the sites outside of Baghdad, for example, there were no documents and no computers. The buildings were largely empty.... Iraq's explanation for this was that such measures were taken in anticipation of a military strike."

So much for the United Nations' victory in winning access to Iraq's "presidential sites."

This was the issue, you recall, that stymied UN inspections of Iraqi nuclear, chemical and biological weapon capabilities, led to a buildup of U.S. forces in the Gulf and culminated in February in a deal negotiated by UN Secretary-General Kofi Annan with Iraqi dictator Saddam Hussein—a deal portrayed by the Clinton administration as a victory for its combination of diplomacy and show of force.

Now UN weapons inspector Charles Duelfer has reported to Mr. Annan. He notes that Iraqi cooperation since the agreement has been "satisfactory" and that the presence of senior diplomats, added to inspection teams by order of the Annan-Saddam agreement, "worked out generally well." But his report raises questions about who really gained from the months-long crisis that Saddam generated.

The Clinton administration said the presence of diplomats and Mr. Annan's promise to respect Iraq's "national security, sovereignty and dignity" would not make inspections more cumbersome. In fact, Mr. Duelfer says diplomats did at times challenge and argue with UN inspectors, "supporting Iraqi views against those of Unscop," as the inspection commission is known. "Such problems are likely to re-emerge in the future, especially when true no-notice inspections are conducted," he said.

Iraqis outnumbered inspectors by

ratios of 5 to 1, at times so crowding inspectors that their work was impeded. With 25 UN vehicles and 50 or more Iraqi vehicles, "convoys at times exceeded a kilometer in length."

Administration officials insisted in February that, despite new intermediaries reporting to Mr. Annan, Saddam had not succeeded in undermining the inspectors' authority. But Mr. Duelfer notes that, when Iraqis objected to inspectors' plans at the presidential sites, they engaged directly with Mr. Annan, not with the inspectors. "This has important implications for the authority of Unscop and its chief inspectors," Mr. Duelfer says.

Having had plenty of time to sanitize the palace sites, Iraqi officials now maintain that they have fulfilled their obligations and may not have to let inspectors back in. As Mr. Duelfer wrote, "One major aspect of the agreement, involving the continuing nature of such access, is still unresolved, merely postponed." Indeed, Baghdad last week resumed agitating for a lifting of sanctions and an end to inspections.

It is worth recalling that the point here was not to tour Saddam Hussein's palaces but to determine whether Iraq, a defeated aggressor, had given up its weapons of mass destruction, as promised. Toward that goal almost no progress has been made in the past six months, according to chief UN arms inspector Richard Butler, in fact, all evidence points to the contrary.

Soon Iraq, friends and would-be commercial partners can be expected to resume lobbying for a phony certificate of compliance. The last time that happened, America found itself with no appealing options. One wonders whether it is using this interval to put itself in a more advantageous position next time around.

—THE WASHINGTON POST.

Watch Your Medicine

A report last week estimated that more than 100,000 hospital patients die in the United States each year from adverse drug reactions, more than from diabetes, pneumonia or many other serious illnesses. According to the report, in the Journal of the American Medical Association, an additional 2 million hospital patients suffer non-fatal reactions to drugs. What makes these numbers especially alarming is that the study says it does not count drug incidents resulting from mistaken prescriptions by doctors or the administration of wrong doses by nurses.

The numbers, nevertheless, may be somewhat misleading. Much of the data come from teaching hospitals, which treat sicker patients and administer more risky drugs, and therefore produce more adverse drug reactions than do other hospitals. The study also uses a controversial technique that combines imprecise studies to reach a statistically definitive conclusion.

The nation's leading expert on drug incidents in hospitals, Dr. Lucian Leape of Harvard Medical School, says the report leaves unanswered how many of the estimated drug reactions are truly mistake-free. Some cancer drugs are particularly dangerous and risk damaging the heart or other vital organs. Mishaps from these drugs are

inevitable no matter how careful a hospital's procedures. But other drugs, like Coumadin, which controls blood clotting—pose risks that can be partially controlled by scrupulous monitoring and recalibration. The report does not say how many of the estimated fatalities and other problems could have been avoided with better monitoring procedures.

Besides mistake-free accidents, perhaps an additional 200,000 hospital patients suffer preventable injuries.

Dr. Leape and his colleagues help hospitals devise procedures for preventing wrong prescriptions and incorrect doses. Many error-prevention procedures are not commonly used. One reason is that neither federal, state nor private systems are in place to track drug mishaps, the first step toward prevention.

There is no epidemic of drug accidents. Two million adverse reactions represent less than 1 percent of the more than 200 million drug treatments administered to hospital patients each year. Nor can drug-related injuries and deaths be eliminated, no matter how scrupulous the nation's hospitals become. But there would be fewer if more hospitals paid more attention to the problem.

—THE NEW YORK TIMES.

America's Big African Problem Is Named Nigeria

By John J. Stremlau

JOHANNESBURG—Bill Clinton's stated vision of a new partnership with Africa assumes that trade expansion, respect for human rights and democratic development will be mutually reinforcing. This clashes with the current facts of U.S. economic engagement in Africa.

According to the U.S. Commerce Department, 84 percent of American trade with and investment in sub-Saharan Africa involves only four of the region's 48 countries. Three are oil producers—Nigeria, Angola and Gabon—and the other is South Africa.

America has an \$800 million trade surplus with South Africa, and gives back less than one-tenth to aid post-apartheid development.

With the other three countries the United States runs an annual trade deficit of \$9 billion. This is roughly 12 times what America provides the rest of Africa in bilateral assistance, and equals sub-Saharan Africa's overall trade surplus with the United States.

Substantial trade and investment ties with the United States have done little to foster democracy and respect for human rights in war-torn Angola or tiny autocratic Gabon. But it is in Nigeria that a huge trade surplus with the United States now runs counter to other important U.S. interests.

As America's leading trading partner in Africa, the military government of General Sani Abacha reaps an annual windfall of \$5 billion for oil sales, approximately half of Nigeria's hard currency receipts. With that he is able to maintain control at home and buy influence abroad, thereby sustaining highly corrupt, repressive and unstable rule over Africa's biggest country.

General Abacha promises to restore democracy by Oct. 1, but it appears that he will remain in power with only a change into civilian clothes.

Nigeria is a fragile polyglot country of 100 million people mired in poverty, ethnic unrest and alienation. Two years ago the U.S. government survey "Global Humanitarian Emergencies" placed Nigeria at the top of its warning list of potential catastrophes. Turmoil there could engulf all of West Africa.

This specter is far worse than the 1967-1970 Nigerian civil war in which more than a million people died. Mr. Clinton now declares that he wishes the United States had done more to prevent genocide in Rwanda. It risks making the same mistake in Nigeria.

What can be done? Pope John Paul II took a courageous step in going to Nigeria last month and appealing publicly for the release of 64 political prisoners, respect for human rights and a swift return to democracy.

Almost simultaneously, the International Labor Organization declared Ni-

geria second to Burma in abusing the rights of labor leaders.

Last Wednesday the United Nations' special human rights rapporteur on Nigeria, Soli Jehangir Sorjee, issued a damning report cataloguing abuses of judicial rights, deaths in detention, juvenile executions and other offenses.

The United States, which consumes 45 percent of Nigerian oil, cannot rest on rhetoric. Nor can it wait for a consensus to develop among African and African-American leaders, several of whom have been bullied or bribed into defending General Abacha.

Mr. Clinton should level with Congress and the public about the dangers of a failed political transition in Nigeria. He should speak frankly about the possible need for an oil embargo, as he did about the possible need for armed force against Saddam Hussein earlier this year.

This will not be easy. Americans care little where their oil comes from, so long as it is cheap. And with oil embargoes in effect against Iraq, Iran and Libya, the president is understandably reluctant to take on corporations and consumer groups opposed to more sanctions. Yet were Nigeria to erupt in mass violence, it would not only cause immense human suffering. It would probably force oil companies to cease operations.

Short of an embargo, the United States could apply financial sanctions

directed at curtailing the junta's international financial transactions.

In addition, America should convene a "contact group" with Britain, France and other countries with major stakes in Nigeria, much as was done to facilitate political change in southern Africa, Cambodia and Central America.

The group should adopt a three-pronged approach of dialogue with General Abacha, pressuring him with sanctions while offering maximum possible financial and technical support for Nigeria's much abused but still vibrant civil society. This is similar to the strategy eventually applied against South Africa's apartheid government.

The situation is becoming critical. The short-term aim must be release of all political prisoners and sufficient political space for a real transition to be negotiated among the country's diverse elements, with adequate international supervision and protection. A national conference to reaffirm a constitution could be the first major step.

It is pointless to talk of a new era in U.S.-African relations if Washington is unwilling or unable to foster greater respect for human rights and an end to military oppression in Nigeria.

The writer heads the Department of International Relations at the University of the Witwatersrand, Johannesburg. He contributed this comment to the International Herald Tribune.

High-Tech Wizards Can't Win Without Smart Politics

By Thomas L. Friedman

PALO ALTO, California—What is striking about Silicon Valley is that it has become so enamored of its innovative and profit-making prowess that it has lost sight of the overall context within which this is taking place. There is a disturbing complacency here toward Washington, government and even the nation.

There is no geography in Silicon Valley, or geopolitics, only stock options and electrons.

When I asked an all too typical tech-exec here when was the last time he talked about Iraq or Russia or foreign wars, he answered: "Not more than once a year. We don't even care about Washington."

"Money is extracted from Silicon Valley and then wasted by Washington. I want to talk about people who create wealth and jobs. I don't want to talk about unhealthful and unproductive people. If I don't care enough about the wealth-destroyers in

my own country, why would I care about the wealth-destroyers in another country?"

What is wrong with this picture is that all the technologies Silicon Valley is designing to carry digital voices, videos and data farther and faster around the world, all the trade and financial integration it is promoting through its innovations, and all the wealth it is generating come in a world stabilized by a benign superpower called the United States of America, with its capital in Washington, D.C.

The hidden hand of the global market would never work without the hidden fist. And the hidden fist that keeps the world safe for Silicon Valley's technologies to flourish is called the U.S. Army, Air Force, Navy and Marine Corps (with the help, incidentally, of global institutions like the United Nations and the IMF). And those

fighting forces and institutions are paid for by all the tax dollars that Washington is "wasting" every year.

Because of the intense competition here among companies, and the continuous flood of new products, there is a saying in Silicon Valley that "loyalty is just one mouse-click away." But you can take that too far.

Executives say things like: "We are not an American company. We are IBM U.S., IBM Canada, IBM Australia, IBM China." Oh yeah? Well, the next time you get in trouble in China, then call Li Peng for help.

And the next time Congress closes another military base in Asia, and you don't care because you don't care about Washington, call Microsoft's navy to secure the sea-lanes of Asia.

And the next time the freshmen Republicans want to close more American embassies, call

America Online when you lose your passport.

Harry Saal, a successful Silicon Valley engineer, venture capitalist and community activist (an exception to the norm), remarked to me:

"If you ask people here what their affiliation is, they will name their company. Many live and work on a company campus. The leaders of these companies don't have any real understanding of how a society operates and how education and social services get provided for."

People here are not involved in Washington policy because they think the future will be set by technology and market forces alone and eventually there will be a new world order based on electrons and information.

They are exactly half right.

I have had a running debate with a neo-Reaganite foreign policy writer, Robert Kagan, from the Carnegie Endowment, about the impact of economic

integration and technology on geopolitics. He says I overestimate its stabilizing effects; I say he underestimates it. We finally agreed that unless you look at both geopolitics and geopolitics, you cannot explain (or sustain) this relatively stable moment in world history.

But Silicon Valley's tech-heads have become so obsessed with bandwidth that they have forgotten balance of power. They have forgotten that without America on duty there will be no America Online.

"The people in Silicon Valley think it's a virtue not to think about history because everything for them is about the future," Mr. Kagan argued. "But their ignorance of history leads them to ignore that this explosion of commerce and trade rests on a secure international system, which rests on those who have the power and the desire to see that system preserved."

The New York Times.

It's a Big Match, but America Isn't Even on the Team

By Jim Hoagland

WASHINGTON—When the concepts of national interest and local justice collided last week over Virginia's intention to execute a foreigner convicted of murder, national interest came out second. A distant third was the stumbling, uncertain but now inescapable march toward an international criminal justice system.

Angel Francisco Breard, 32, had told an Arlington jury that he was acting under the influence of a satanic curse when he stabbed Ruth Dickie, 39, five times in the neck during a sexual assault in 1992.

There is nothing in the case to suggest that this man was railroaded or that capital punishment was a cruel and unusual act in the context of the U.S. judicial system. But the fact that he was a Paraguayan citizen

who had not been advised by local police of his right, established by international treaty, to consult with a Paraguayan diplomat at the time of arrest lifted this case off the blotter into an affair of state.

The Breard case in its own way touches on a central question of statecraft at the end of the 20th century: What role will the United States play in fashioning an international criminal justice system that reflects and accompanies the increased interdependence of nations created by the commercial and technological forces of globalization?

The United States praises and actively works to spread that interdependence when it benefits American corporations, investors and workers abroad.

But U.S. institutions still resist accepting the kind of mutual limitations on sovereignty that other countries have accepted to enhance interdependence.

This conundrum surfaced clearly in the Breard case.

In appealing for a delay in the execution, Secretary of State Madeleine Albright pointed out to Virginia Governor James S. Gilmore 3d that American citizens arrested abroad would be more vulnerable to having their right to consular access denied if Virginia did not give some sign of recognizing the obligation imposed on all its signatories by the Vienna Convention on Consular Relations.

This was a serious national-interest argument. Angel Francisco Breard had the fortune to

be arrested in a country where he had very good odds of getting a fair trial and due process. There are plenty of countries where access to a U.S. diplomat can be the difference between wrongful imprisonment, or worse, and freedom. For his or her next business trip to the Congo, Belarus or Syria, an American must hope that the Breard case did not get much coverage there.

Mrs. Albright sought only a delay in the execution and further discussion of the case. But Mr. Gilmore refused her plea 90 minutes after the U.S. Supreme Court brushed off an order from the International Court of Justice in The Hague to stay the execution, which was carried out by lethal injection on Tuesday.

"Several of the issues raised here are of sufficient difficulty to warrant less speedy consideration," Justice Stephen G. Breyer wrote in a dissenting opinion to the majority's unsigned, brusque dismissal of the international court's assertion of standing in an American criminal case.

The court was not expressing a political judgment. But culturally the majority ruling reflects a deeply ingrained American attitude of exceptionalism.

The same attitude underlies strong opposition at the Pentagon and on Capitol Hill to efforts at the United Nations to

create a new International Criminal Court that would be able to subpoena and even try American citizens, along with all other nationalities, in war crimes trials.

The Clinton administration, fearful of getting whipsawed domestically by its own generals and Jesse Helms, is moving cautiously in the closed-door discussions of the new court, due to be unveiled this summer at an international conference in Rome. The White House works to avoid being accused of opposing the court by its internationalist supporters as hard as it works to avoid being accused of supporting it by its foes.

But there is no more important new subject on the international agenda than the necessity of balancing the human need for justice and retribution with the state's interest in stability and reconciliation.

This is the paramount topic in places as diverse as South Africa, Rwanda and ex-Yugoslavia today, and a topic in need of clear moral and political leadership from the most powerful nation on the globe.

It is not enough to glory in the spread of the Internet or of open capital markets or of U.S.-donated military alliances. Those are instruments, not values. America should be shaping the new judicial system to come, not standing completely outside it.

The Washington Post.

Government Is Out, Greed Is In

By Benjamin R. Barber

PISCATAWAY, New Jersey—Government is out, but big business and big banking are in.

The predatory mergers and acquisitions that were the bane of the late '80s are the boon of the late '90s.

How has it come to pass in just a few years that grand scale and monopoly control, apparently the causes of government's every last vice, are the ticket to economic efficiency for business and banking?

Why must government, as the democratic instrument of the public's pursuit of common good (prudently constrained by democratic accountability), be downsized, its powers privatized, even as corporations merge and amass power, utterly unconstrained by any democratic accountability at a pace that makes the Gilded Age's cartelism look like tortoiseshell?

The sure prescriptions of public philosophy have been turned topsy-turvy.

Traditionally, monopoly has been the very definition of good government. A democratic state's legitimacy depends on its monopoly over law and force. And monopoly has been the very essence of bad business: Capitalism's legitimacy depends on plural-

ism and competition, the absence of monopolies and cartels. In recent years, the recipe has been conveniently rewritten.

In this striking reversal can be found all of the ideological hypocrisies of the myth of privatization, of which the celebration of big business is but an instance.

Privatization pretends to save government from its top-heaviness by sliding down the scale and empowering the local and the parochial. In truth, it only shifts power from the public to the private sector, leaving it as centralized and hegemonic as before, but liberated from democratic constraints like elections.

Privatization is not about limiting government; it is about terminating democracy. To leave health care a product of private negotiation among for-profit insurers, health management organizations, hospitals and doctors not only marginalizes ordinary patients but drains power from citizens by removing health care from the public agenda.

It takes responsible public institutions accountable to all of us out of play, and yields power to private institutions pledged only to maximizing profits.

Government cannot do everything, and it often benefits from decentralizing. But to discharge many of its prime responsibilities, it must be large. How else can it keep Microsoft's competitors viable, keep Citicorp from destroying its rivals, keep intact inner-city neighborhoods in which already unprofitable banking services will only be further eroded by conglomerate?

Government has to be big, but "big" here does not mean bloated or bureaucratic; it means muscular and efficient. It means powerful as in "sovereign," encompassing as in "national," and public as in "the commonweal." In a word, it means democratic.

There is an asymmetry between government and business. Liberty demands that the first be democratic and thus powerful, and that the second be entrepreneurial and thus free of gargantuanism.

Anything else is hypocrisy: private greed parading as public philosophy.

The writer, a professor of political science at Rutgers University and author of "A Place for Us: How to Make Society Civil and Democracy Strong," contributed this comment to The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: 'Gracias a Dios'

MADRID—It was in one of the most fashionable cafés here that a gentleman entered and announced that the action of the House and Senate made the breaking out of war certain. "Gracias a Dios!" was the chorus which greeted him. And that sentiment reflects the public opinion here, which has been keenly in favor of ending the suspense of waiting and no good coming. The strain has been intense, and now that war has come—for it is inevitable—it is received as though a big load has been removed.

1948: All-Jewish City

JERUSALEM—Tiberias, the capital of Lower Galilee, became the world's third all-Jewish city when its Arab minority was evacuated by British forces under heavy pressure from Haganah, the Jewish Army. The city has been under almost continuous fire for ten days. The Arab minority, crowded next to the sea and reportedly defended by Israeli troops, was put under British Army guard and moved in trucks to Nazareth. The city now ranks with Tel Aviv and Petah Tikva, both in western Palestine, as an all-Jewish stronghold.

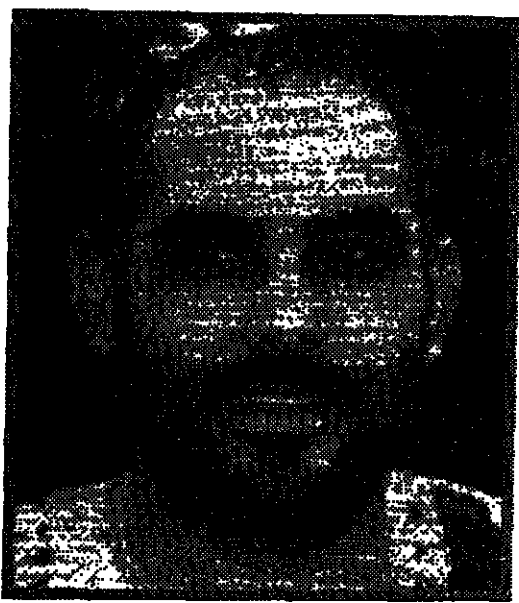
1923: Military Rally

BERLIN—Monarchistic demonstrations have broken out with all the old splendor of spiked helmets and rattling sabres in several parts of Germany. The most picturesque of these was at Stettin, where the

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.
Tel: (1) 41.43.93.00. Fax: Subscriptions, (1) 41.43.92.10; Advertising, (1) 41.43.92.12; News, (1) 41.43.93.38
Internet address: <http://www.ihb.com> E-Mail: ihb@ihb.com
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S.A.S. an capital de 1.200.000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337
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AFRICA

Sven "Bobby" Peek (South Africa), a native of the highly industrial South Durban area, grew up next to a refinery pumping out 60 tons of sulfur dioxide a day and as a youth suffered from severe respiratory illness. Now a tireless champion of environmental justice, Peek has skillfully united his racially divided community, which last year succeeded in closing an illegal toxic dump in his neighborhood.



ASIA

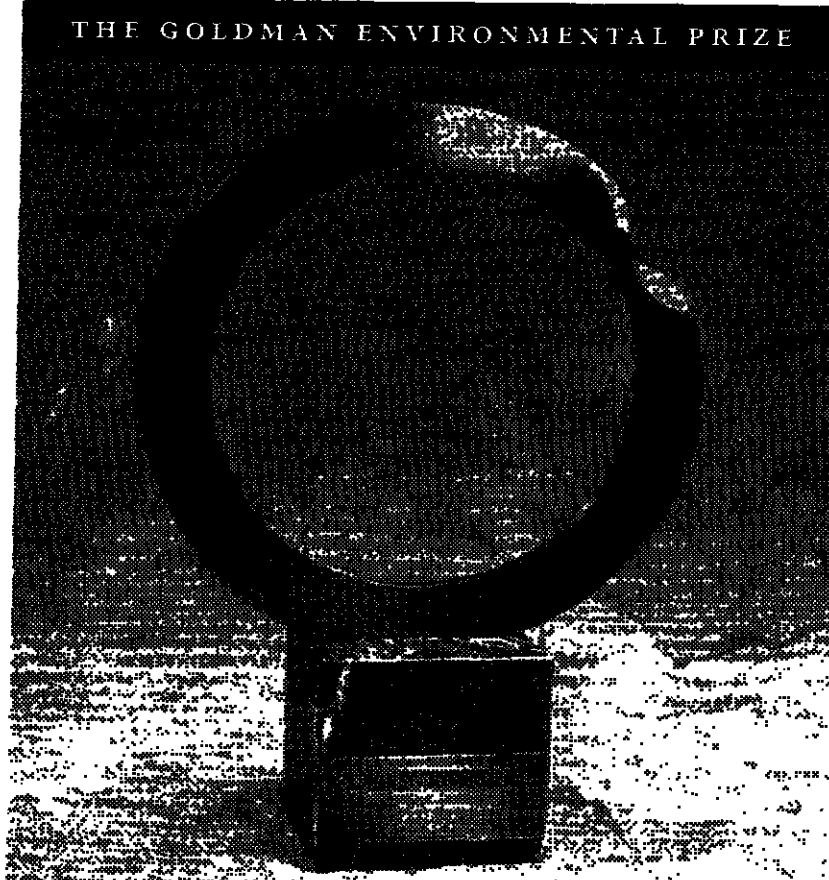
Hirofumi Yamashita (Japan) has dedicated more than a quarter of a century to fighting a land reclamation project slated for Ishigaya Bay, one of the richest wetlands in the world. While the project was scaled back due to his efforts, a massive dike has been built. Yamashita is now leading a crusade to force a thorough review of the project aimed at opening the gates to the bay and restoring the ecosystem.



EUROPE

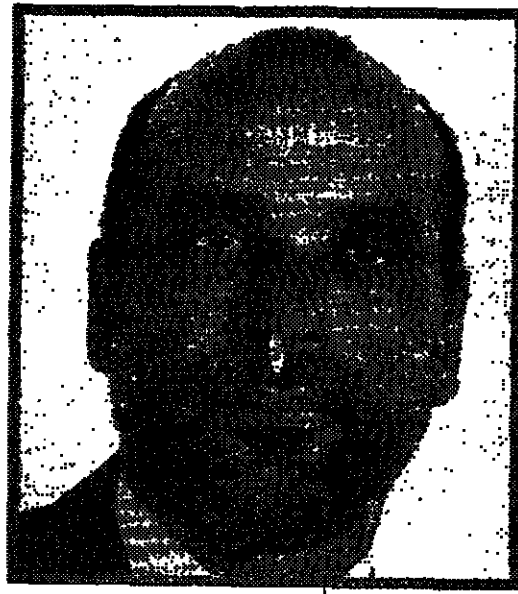
Anna Giordano (Italy) has launched a campaign in defense of migrating raptors targeted for sport by poachers in Sicily where she lives. After narrowly escaping irate hunters who firebombed her car, Giordano has persevered and the number of birds killed each spring during the annual migration has dropped significantly.

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ISLAND NATIONS

Atherton Martin (Dominica) has used extensive local and international organizing to overcome strong government opposition and stop a proposed copper mine. The mining operation would have devastated 10 percent of the original tropical rainforests still covering Dominica. Known as "the Nature Island," Dominica harbors some of the greatest biodiversity in the Caribbean.



NORTH AMERICA

Kory Johnson (United States) was just nine years old in 1989 when she founded Children for a Safe Environment in reaction to her sister's untimely death. Since organizing a successful youth campaign that helped stop a proposed incinerator in Phoenix, Arizona, Johnson has led other efforts to combat environmental health threats to children, especially those living in low-income communities.



SOUTH AMERICA

Berita Kuwar U'wa, aka Roberto Cobarra, (Colombia) has waged an international campaign on behalf of his indigenous tribe, imploring multinational oil companies not to drill for oil in the remote homeland of the U'wa, a deeply traditional people who believe that oil is the blood of the Earth. Kuwar and 5,000 other U'wa have pledged to throw themselves off a 1,400 foot cliff if the unauthorized drilling proceeds.

Richard A. Goldman



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THE INTERMARKET
Starts
on Page 4

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- Excellent management and communications (written and oral) skills.
- Ability to work in an international and multi-cultural environment.
- Fluency in English. Additional proficiency in French or Spanish preferred.

Applications from female candidates are especially welcome. Interested candidates should send detailed resume, in English, to: Career Management Section (H-5F), Division of Human Resources, UNICEF, 3 UN Plaza, New York, NY 10017, USA. Applications for this position must be received by (May 4, 1998). Acknowledgement will be sent only to shortlisted candidates. UNICEF is a smoke-free environment.

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INTERNATIONAL

Does Israel Need All That U.S. Aid?

As Its Economy Takes Off, Some Readjustment Seems Inevitable

By Philip Shenon
New York Times Service

WASHINGTON — Israel's new-found economic success through its embrace of high-profit, high-technology industries has led many Israelis and Americans to question why the nation still needs so much foreign aid from the United States.

Israel is the largest beneficiary of U.S. foreign aid — by far. It received \$3 billion in American economic and military assistance last year, a figure that has held steady for several years even as the overall foreign-aid budget has been slashed at the demand of Congress.

Egypt is in second place in the ranking of beneficiaries, receiving about \$2 billion last year. The two countries were rewarded with huge packages after the 1979 Camp David peace accords, and together they account for about 40 percent of the U.S. foreign-aid budget.

But today the Israeli government is being forced to admit the obvious: While U.S. aid money is welcome, it is no longer a necessity.

There was widespread applause — and relief — among U.S. lawmakers in 1996 when Prime Minister Benjamin Netanyahu vowed "economic independence" before a joint session of Congress, offering "to begin the long-term process of gradually reducing the level of our generous economic assistance to Israel."

What that means is still in debate. The Israeli government has proposed a phaseout of the \$1.2 billion in economic aid now promised to Israel in exchange for a one-third increase in military assistance over the next 10 to 12 years. Military aid would grow to \$2.4 billion a year from \$1.8 billion under the plan. This would mean an overall reduction in the aid package of \$600 million a year, or 20 percent.

Representative Sonny Callahan, an

Alabama Republican who heads the House Appropriations subcommittee that oversees aid to Israel, said last month that the Israeli proposal to reduce aid was "a tremendous recognition of accomplishment — accomplishment on the part of both countries."

But others in Congress think the Israelis should be willing to accept far larger cuts, although few are willing to say so publicly for fear of offending the U.S. Jewish community or Israel's powerful lobby on Capitol Hill. As a congressional aide put it: "Many people here consider it a taboo subject, but the fact is that the Israelis have got to understand that other, far more needy countries are being cut off completely from American aid. Yes, they are talking about ending the economic aid, but they're also talking about a big increase in military aid."

The initial Israeli proposal also drew criticism because of Jerusalem's request that it be permitted to spend more of its military aid in Israel. Under the current package, Israel is limited to spending no more than 25 percent of the U.S. military aid in Israel. Israeli officials' request to spend more of the aid at home has alarmed U.S. defense contractors.

The United States has not always been so generous with Israel. In the first years after its creation in 1948, Washington provided almost no direct support. The first significant aid, totaling \$86.4 million, was made available in 1952.

Israel's overwhelming victory in the 1967 Middle East war led to a rethinking of U.S. strategy in the region — and the spigot of aid for Israel finally opened wide.

The annual aid package for Israel grew from \$13.1 million in 1967, to \$76.8 million in 1968, to \$600 million in 1971. By the late 1970s, Israel had become the largest single recipient of U.S. aid.

The Camp David agreement in 1979 between Israel and Egypt led the United States to promise large aid packages to both nations. By 1985, the annual package for Israel totaled about \$3 billion. The figure has changed little since then.

During much of the 1980s and early 1990s, U.S. assistance was all that stood between Israel and economic collapse. But with the turnaround of the Israeli economy, that has changed.

Israeli Settler Is Killed In Face-Off Over Land

The Associated Press

MAON, West Bank — An Israeli settler was shot and killed Sunday and another settler was seriously wounded in a fight over land with a group of Bedouin shepherds.

One of the Bedouin was hospitalized in critical condition with three bullet wounds to the chest.

Colonel Yigal Sharon, the Israeli Army commander for the Hebron area, said that a confrontation had occurred and that one of the Bedouin had seized a settler's gun and opened fire on the Israelis.

Colonel Sharon said there had been a "long-standing conflict over land" in the valley where the shooting occurred.

One of the Bedouin involved in the clash disputed Colonel Sharon's account, saying that the casualties had occurred after a settler opened fire wildly.

"The settlers are trying to take our

land," said Ibrahim Dabasha.

"It's not the first fight we've had with them."

A third settler was slightly injured in the incident, which took place on a dirt road leading to the Jewish settlement of Maon, in the rocky hills south of Hebron.

Israeli Army helicopters scoured the hills, searching for the assailants, and soldiers conducted a house-to-house search of the nearby Palestinian village of Yata.

An Israeli Army spokesman, Oded Ben-Ami, said that Palestinian police and Israeli troops were cooperating in the search.

Israeli soldiers detained three Arab men and a boy for questioning near the scene of the shooting.

The settler who was killed was identified as Dov Dribben, 28.

Israeli radio said he was the father of four children.

ISRAEL: From Pioneers' Socialist Experiment to High-Tech Titan

Continued from Page 1

report prepared by the United States-Israel Joint Economic Development Group, a panel of government and private experts in both countries led by Undersecretary of State Stuart Eizenstat, praised the government for making "tremendous strides" in reforming its economy and declared that Israel now "stands at the cusp of developed-country status."

It is also true that Israel has not done it alone. For decades, West Germany and now Germany have paid reparations for the Holocaust, and, since the 1979 Camp David peace accords, the United States has been doling out a hefty \$3 billion in annual aid. \$1.8 billion of it military, making Israel by far the biggest single recipient of American foreign aid.

The success has not come without serious glitches. Current indicators point to an incipient recession. Unemployment in a country that once prided itself on finding jobs for every citizen has reached 8.2 percent, most of it concentrated in angry blue-collar "development towns." In December, rioting broke out in the Negev town of Ofakim after unemployment there reached 14.3 percent.

Tensions with the Palestinians because of the stagnation in peace negotiations under Prime Minister Benjamin Netanyahu have battered tourism, and some economists fear the problems could also start scaring investors away.

Mr. Eizenstat, for one, warned that the impasse "is a major element in the current difficulties Israel is having," especially in tourism. Eventually, he said, foreign investment could also suffer.

Another, less tangible problem is that the high-tech revolution and the global reach it has given Israel could further distance Israel economically from its Arab neighbors, delaying even longer the dream of a "new Middle East" that accompanied the 1993 Oslo peace agreements. Today, 96 percent of Israel's exports and 93 percent of its imports have destinations outside the region.

But whatever the difficulties, and the Middle East is never without them, the trendy upper-middle-class youths hanging out at the sushi bars on Tel Aviv's Ha'Arba Street represent a remarkable evolution from the ascetic soldier-farmers of the pioneering kibbutzim.

"I remember when Tel Aviv streets were sand," said Dan Propper, president of the Manufacturers Association and a director of OSEM, a group of food manufacturing companies. "I remember convoys of camels taking orange crates to Jaffa ports, one tied to the tail of the other.

work outside, and fewer and fewer young people stay on. Mr. Zaks said that 85 percent of young people left after completing their education, and that fewer than 100 of the 12,000 people on the kibbutz were 25 to 35. Meanwhile, about 300 of the 850 full members are over 65.

"The young don't want everything in common," said Mr. Zaks, who at 53 is the classic icon of a kibbutznik with his trim figure, tan and dusty sandals. "They want more control over their lives. You have to adapt to a new system of living. We built this on the ethic of sacrifice. But now our mission is finished."

The Netanyahu administration has been credited with considerable progress in liberalization, privatization, and opening markets, although Mr. Eizenstat said in his report that Israel should further reduce the budget deficit, government spending and taxes.

For Israel's 50th anniversary, which by the Hebrew calendar falls this year on April 30, Mr. Netanyahu has pledged to further ease restrictions on the shekel, making it effectively a convertible currency for Israelis. For the first time Israeli citizens will be allowed to get and use foreign currencies freely, to hold bank accounts abroad, and to buy foreign real estate.

The real problem is not money — Mr. Zaks said the kibbutz takes in about \$27 million a year. But the major source of income now is the salaries of members who

Two more major shifts occurred in the early 1990s: the arrival of hundreds of thousands of immigrants from the collapsing Soviet Union, and the breakthrough in Israeli-Arab relations at the 1991 Madrid Conference and the 1993 Oslo agreements.

The immigrants brought a rich array of skills, especially in the sciences. Though negative stereotypes of Russians persist, rare is the high-tech company without its share of Russian programmers and technicians.

In addition, the Internet liberated computer-savvy Israeli youths from the country's biggest handicap: its isolation from markets.

"This is the modern gold rush," said Yossi Vardi, an Israeli businessman who founded the financial backing for the four young founders of Mirabilis. "There were railroads, radio, television. But in cyberspace, no government has to grant a concession; you don't need a lobby. The concession is granted by people to whom you give the best product."

And Yair Goldfinger, one of the founders of Mirabilis, asked: "Why in Israel? I guess it's in the nature of the culture. Israelis have always been good commanders. They don't go by the book. They look for the cutting edge, for a way to do it."

EURO: Could Single Currency Enrich Continent?

Continued from Page 1

rency, stock and bond markets far exceeds international trade or reserve movements. And the prospects for the euro in those markets are bright, the authors contend.

The combined market for government and corporate bonds in the 15 European Union nations amounts to more than \$7.5 trillion, or roughly two-thirds the size of the U.S. bond market. As national currency boundaries vanish and most European bonds are denominated in euros, traders and investors should find it easier to exchange them, increasing market liquidity and reducing transaction costs. The net effect is cheaper capital, which should foster more investment and faster growth, the authors contend.

The dramatic narrowing of interest-rate differentials between German and Italian bonds, and the development of a high-yield corporate bond market in Europe in the past year are evidence that this is already happening, said Giles Keating, head of economic research at HSBC James Capel.

Similar benefits could be in store for Europe's equity markets, Mr. Portes and Ms. Rey say. A growing number of privatizations in recent years and burgeoning mutual-fund investment in equities has increased the capitalization of stocks in the countries expected to join the euro to the equivalent of \$3.3 trillion, nearly \$1 trillion more than Japan and lagging only behind the \$11.1 trillion U.S. stock market, according to Salomon Smith Barney Inc.

In currency markets, a single European currency stands a good chance of being used as a transaction currency because EU countries account for around 17 percent of international trade, Mr. Portes and Ms. Rey say, compared with 12 percent for the United

States. That means cheaper transaction costs for EU companies and banks, which to trade with Japan today have to exchange their Deutsche marks or francs for dollars first and then swap greenbacks for yen.

The developments in all of those markets should be mutually reinforcing, producing a snowball effect in favor of greater use of the euro at the partial expense of the dollar, the authors assert. European governments can encourage the euro's development even more by taking steps to foster the development of a single capital market, such as adopting common maturities and payment dates for government bonds and abolishing banks' minimum reserve requirements, they say.

The most likely outcome, Mr. Portes and Ms. Rey contend, is that the euro will rival the dollar's international role in as little as five years, particularly if Britain, with its large capital market, joins monetary union. The capital market benefits could lift European growth by as much as 0.5 percentage point a year, a substantial and permanent lift for a bloc that has had difficulty achieving 2 percent growth in the 1990s. The United States could see its growth rate trimmed by perhaps 0.2 point a year, they say.

Many economists, however, doubt that Europe's gains will be America's losses.

Capital markets, like trade, are not a zero-sum game, said Rudi Dornbusch, an economist at the Massachusetts Institute of Technology, and European growth should actually help the bloc's trading partners.

"If Europe grows, that is a substantial benefit," he said. "It's absurd to say that the U.S. will lose anything."

That is also the view of the U.S. Treasury secretary, Robert Rubin, who reiterated last week that "anything that benefits Europe economically is good for the United States."



Tony Blair holding the hand of a Palestinian girl at a refugee camp in Jordan on Sunday. The British prime minister visited the camp, which houses 82,000 of Jordan's Palestinians, with Crown Prince Hassan, right.

Netanyahu Offers to Travel for Peace Talks

Reuters

JERUSALEM — Prime Minister Benjamin Netanyahu of Israel said Sunday that he was ready to go "anywhere" in the next month, including London, for talks to advance the stalled Middle East peace process.

He made his remarks at a joint news conference after talks with Prime Minister Tony Blair of Britain. Mr. Blair

called Mr. Netanyahu's offer "extremely important" but denied that efforts were under way to organize a new Middle East peace conference.

Mr. Netanyahu said, "I am prepared to go anywhere at any time and specifically in the next month to go to any location, possibly to London, to try and advance the process." He did not elaborate. He was speaking after more than

two hours of talks with Mr. Blair, who met him during a tour of the Middle East to present European Union ideas on how to revive peace talks between Israel and the Palestinians.

Mr. Blair said of Mr. Netanyahu's announcement, "His offer to go within the next month and to have a serious process of negotiations is extremely important."

CHINA: Seeds of Political Reform Flower in New Beijing Spring

Continued from Page 1

What started early this year as a debate among a few influential academics has moved this month into the state-run mass media, from Sheyang in the northeast to Shenzhen in the south.

"Only in a democratic environment can people dare to voice new opinions and can their intelligence, wisdom and ability be fully brought into play," Shen Baoxiang, a central party school professor, was quoted as saying by the China Economic Times this month. "If we don't encourage people to think freely and voice new opinions, our society will actually be utterly stagnant, though it may seem tranquil."

Many liberals wield economic arguments, noting that economic progress cannot rely on a handful of officials and experts. The 1.2 billion Chinese "are not only a 'labor force,' they are also the world's largest thought warehouse and brain," Hu Weixi wrote in a magazine called Fangfa, or "Way." "We can thus use the magic weapon of freedom of thought to achieve success."

The opening is limited, and for the time being, true free speech and democracy remain distant. Open debate is a relative concept. For example, Li Bifeng

from Sichuan, jailed for five years after the 1989 demonstrations, was arrested again this month for publicizing incidents of labor unrest. The police also seized written materials from Xu Wenli, briefly detaining the veteran dissident who has called on China's legislature to allow independent trade unions and challenged the government to live up to the United Nations human rights covenant.

Nonetheless, many intellectuals here say this is the most fertile time in a decade for debate about China's political future. Mr. Mao, the economist, traces the relaxation to January, when Reform Magazine featured a hard-hitting article titled "We Should Also Champion Political Reform," by Li Shenzhi, 76, a prominent reformer and the retired vice president of the Chinese Academy of Social Sciences.

The "implementation of political reform will determine the ultimate success or failure of economic reform," Mr. Li wrote. Rejecting the government line that feeding people is the top human rights priority, Mr. Li said Beijing must adopt universal human rights.

In February, Mr. Mao, who in 1993 retired from the academy and established an independent economic research institute called Unirule, organ-

ized a forum to discuss a new Chinese translation of "The Constitution of Liberty," a long-banned book by one of socialism's harshest critics — the late Austrian Nobel laureate Friedrich Hayek, a philosopher and economist. In the 1960 work Mr. Hayek argued, "A society that does not recognize that each individual has values of his own which he is entitled to follow can have no respect for the dignity of the individual and cannot really know freedom."

In contrast with Communist China's emphasis on class, commune and work units, Mr. Mao stresses respect for individual rights, including the right to pursue one's self-interest. "What I'm saying is that in the market economy, the individual has the right to protect the benefits of himself, while at the same time he has to observe others' rights," he said. "We need a society of equal status."

That has not always been the case in China, as Mr. Mao knows from experience. He was branded a rightist in 1957, his works barred from publication, his job taken away and his rights revoked. It took years to restore his career, and when he was invited to join the Communist Party during the 1980s, he refused.

Fangfa magazine published a special March issue on political reform, including articles on limited government, property rights, the separation of party and government, and corruption's link to Confucian culture. "The most pressing issue is the separation of the powers of the government and the party," said the magazine's assistant editor, Li Ke.

Perhaps for political cover as much as for historical accuracy, Mr. Li and others in this loosely knit liberal intellectual community argue that their views grow directly from the wishes of China's leadership. Mr. Li cites a comment by the late leader Deng Xiaoping and pulls from a drawer a September speech by President Jiang Zemin, pointing to a sentence about expanding democracy.

Some people say Mr. Jiang was further encouraged to loosen controls on political debate by his October trip to the United States. In January, Mr. Jiang told the Central Discipline Inspection Commission that Asian governments were too "feudal," which some analysts took as another signal of relaxation. In March, Prime Minister Zhu Rongji held a free-wheeling press conference that further emboldened China's liberals.

The recent ferment carries extra meaning because of echoes of the past. In 1988, leading intellectuals debated political reform and held meetings on college campuses. Then, the death of Hu Yaobang, the ousted general secretary of the Communist Party and a patron of political reform, sparked student-led protests in Tiananmen Square that eventually were crushed in the bloody army crackdown in 1989. But participants in today's debates say it is no rerun of 1989. "What happened at the end of the 1980s — the 'political disturbance,' to use the prevailing political lingo — has made people cooler and more reasonable," Mr. Li said.

ARMS: U.S. Finds It Has No Control Over Weapons Sent to Europe

Continued from Page 1

European officials put it. "We object to anybody putting conditions on U.K. companies," said Steve Williams, an official in the British Department of Trade and Industry. He and other British officials said British companies were advised that they could ignore the law.

One of the major U.S. concerns is that firearms sold to a country like Britain are then sold to European countries such as Italy, Spain, Portugal and Greece. They have long sea borders that are difficult to

police, and the authorities in these countries have acknowledged that well-developed networks smuggle everything from cigarettes to basic consumer goods and guns.

One British company, Conjay Arms, bought 1,600 handguns in February from a U.S. company and sought the necessary export license. The application came just a few weeks before a British law went into effect that bars just about every private citizen from owning a handgun.

Given the timing of Conjay's license request, American officials concluded that

the guns were almost certainly not going to remain in Britain. Their British counterparts agreed but said there was nothing they could do, American officials said.

The Clinton administration is also considering whether to revoke the pending licenses to all European Union companies. Major concerns are Germany, for which there are valid licenses for 84,399 handguns; France, with 22,660, and Italy, with 18,803, according to the U.S. Embassy report.

Handgun shipments from the United States to German companies often arrive by ship at ports in Hamburg or Bremen, where they are immediately loaded onto another ship for another destination. Germany does not require a license for the re-export of shipments that are only in transit. Nor does any other EU country, said Donald Manross, a senior American official in the firearms and explosives unit of Interpol, the international police agency, in Lyon, France.

The regulation of these transshipments is critical to keeping weapons out of the hands of criminals, terrorists and guerrilla groups, he said.

HEALTH/SCIENCE

Some Solid Research to Demolish Persistent Myths of Aging

By Jane E. Brody
New York Times Service

NEW YORK — Once in a great while an outstanding health book comes along that should be featured on every radio and television talk show and in every major newspaper. Yet it fails to attract the attention it deserves because it isn't "sexy" enough. It doesn't rashly promise that you can live healthfully to 100 if only you would take this, that or the other pill, potion or dietary supplement.

"Successful Aging," by John Rowe and Robert Kahn, is such a book. It summarizes a decade of solid research, not wild speculation or extrapolation, conducted by 16 prestigious scientists among thousands of older Americans and Swedish twins. The project, sponsored by the MacArthur Foundation, involved men and women age 70 and older living in normal environments outside nursing homes and hospitals. They were repeatedly examined by researchers seeking "the positive side of aging."

The result is a highly readable, myth-shattering treatise directed at people of all ages who are interested in achieving the goal established for humanity by the ancient Greeks — to die young, as late in life as possible. The work also has important messages for everyone who deals with older people and may underestimate their abilities and compromise their potential for exciting, productive lives after the age of 65.

Dr. Rowe, president of Mount Sinai Hospital and School of Medicine in New York, said that far too many assumptions about the elderly had been based on people who were sick or in institutions. In fact, most older Americans are in reasonably good health, living independently and generally doing well.

Dr. Kahn is a professor emeritus of psychology and public health at the University of Michigan in Ann Arbor who, at 80, is the self-described "grand old man" of the MacArthur project and, as a result of the research, has added daily weight training to his bicycling routine. The book says the first step to in-

creasing the chances for a successful old age is to demolish widely held myths.

Myth 1: To be old is to be sick.

To be sure, nearly half of the people over 75 have arthritis, nearly a third have high blood pressure, heart disease or hearing impairments and 11 percent have diabetes. But rarely do these problems get in the way of a full life. The MacArthur studies and other research have shown that people are far more likely to age well than to become ill and decrepit. Only 5.2 percent of the elderly live in nursing homes, nearly 90 percent of people ages 65 through 74 report no disability whatever and even after the age of 85, 40 percent are fully functional. Furthermore, chronic disease among the elderly has been declining steadily since the late 1960s.

Myth 2: You can't teach an old dog new tricks.

Despite constant references to Alzheimer's disease, "no more than 10 percent of all people 65 to 100 or more are Alzheimer's patients," the researchers said. And in their study of those 74 to 81,

they said, "half showed no mental decline whatsoever over the next seven years."

Although short-term memory weakens with age, a few training sessions in memory skills can bolster the memories of the elderly, the researchers said. And while the mental processing of data slows with age, given enough time the elderly can do as well as younger adults.

Myth 3: The horse is out of the barn.

Too many older people with lifelong unhealthy habits assume that it is too late to change and reap benefits from quitting smoking, starting exercise, losing weight or eating a more nutritious diet. The findings of the studies show otherwise. Immediately after quitting smoking, for example, the risk of a heart attack begins to decline and after a decade, so does the risk of lung cancer. At any age, consuming more calcium and Vitamin D can decrease the risk of osteoporosis, consuming more of the B vitamins folate and B-6 can decrease the risk of heart disease and taking a Vitamin E supplement can protect against both heart disease and Alzheimer's disease.

But perhaps the broadest benefits to both body and mind accrue from becoming physically active, even after eight decades on the couch. The authors cite 91-year-old Edward, who had not exercised at all before signing up for a program at a home for older people when he was 86. Edward reported: "Once I started, I felt stronger, full of action. The weight lifting helps my walking. I feel better, I sleep better, I eat better. It has changed my life."

Myth 4: The secret to successful aging is to choose your parents wisely.

A study of several hundred twins by the MacArthur researchers belies the belief that genes overwhelmingly determine one's health fate. Only about 30 percent of the characteristics of aging are hereditary, and the role genetics play in health, along with physical and mental function, diminishes with age. By age 80, genetics has virtually no influence. Rather, the authors say: "MacArthur research provides very strong scientific evidence that we are, in large part, responsible for our own old age."

Myth 5: The lights may be on, but the voltage is low.

While sexual activity does tend to diminish with age, the MacArthur researchers report: "When it comes to sexual activity, chronological age itself is not the critical factor. There are tremendous individual differences in this intimate aspect of life, determined in part by cultural norms, by health and illness and by the availability of partners."

Myth 6: The elderly do not pull their own weight.

The researchers take society to task for not giving older people due credit for unpaid work and for failing to acknowledge that the elderly simply do not have an equal opportunity to get paying jobs. "Millions of older people are ready, willing and able to increase their productivity, paid and voluntary," the researchers said. Even now, in taking care of spouses, siblings and grandchildren, the elderly do the work of 3 million caregivers. For growing numbers of people, retirement is not the end of a productive life but the beginning of a new one.

A 500-Year-Old Mystery of a 'Demonic Tract' Is Unraveled, Twice



Jim Reeds was fascinated by the Trithemius mystery for 30 years.

By Gina Kolata
New York Times Service

NEW YORK — Half a millennium ago, a German abbot wrote a book on communication with spirits. It gained instant notoriety. The author, Johannes Trithemius, was an adviser to emperors and a leading humanist. But he also was a magician, and his book was couched in the language of the occult. It outraged Renaissance intellectuals who said it showed that Trithemius was a dabbler in demonic magic and that he could conjure up spirits.

Trithemius's book, volume three of his trilogy, "Steganographia," circulated widely in manuscript form for a century before it was published in Frankfurt. Upon publication, it was banned by the Roman Catholic Church and attacked by Protestants. Yet it remained a cult classic, and, to this day, the book is pored over by believers in witchcraft and demons for spells to conjure spirits. Historians cite it as a prime example of 16th-century black magic.

But some people always thought the book was something more — a cleverly disguised code. And now two researchers, from different disciplines and knowing nothing about each other's work, have broken the code.

The first was Thomas Ernst, a pro-

fessor of German at La Roche College, in Pittsburgh. Dr. Ernst resolved the Trithemius problem several years ago while he was a graduate student at the University of Pittsburgh. But his 200-page paper, written in German and published in 1996 in a Dutch journal, *Daphnis*, went largely unnoticed. "There wasn't much reaction to it," he said.

Meanwhile, Jim Reeds, a mathematician at AT&T Labs in Florham Park, New Jersey, had been fascinated by the Trithemius mystery for 30 years. Last month, he solved it. But two weeks later, as Dr. Reeds continued to search for information on Trithemius, he came upon Dr. Ernst's paper and found that he had already solved the mystery.

Dr. Reeds's 26-page manuscript has been accepted by the journal *Cryptologia*, said David Kahn, its editor.

Ernst and Reeds began with the same basic information. Trithemius was a monastic reformer who became an abbot at age 20. He was an adviser to Emperor Maximilian, and he published prolifically. Trithemius was an adept practitioner of fictionally enhanced nonfiction. He also was a magician, and "everyone who was interested in magic emulated him," Dr. Reeds said.

In 1499, Trithemius began publishing a trilogy, written in Latin, that he called *Steganographia*, which means, in Greek, "hidden writing." Books one and two

were clearly systems for encoding messages and were the first books written on cryptography, Dr. Reeds said.

But the third was different. "It contains many tables of numbers," Dr. Ernst said, "but it wasn't quite clear what you were supposed to do with them. It looked like an occult treatise and people took it quite literally," thinking that the numbers contained the secrets of conjuring spirits.

From the 16th century through the 18th century, scholars tried to figure out the book, Dr. Ernst said. While most thought it was a book of demonic magic, a few decided it provided a secret code, couched in a language involving angels, spirits and astrological signs.

In 1676, Wolfgang Ernst Heide, an otherwise obscure figure who trained in the law and worked for the archbishop of Mainz, Germany, claimed that Trithemius's third book was a code and that he had deciphered it. But Heide wrote about his discovery in his own secret code, which no one could decipher. So his claim to have solved the mystery was itself a mystery, Dr. Ernst said.

Dr. Ernst decided that, given what was known about Trithemius, the long lists of numbers in the book, separated by astrological signs, were probably encrypted messages. And Trithemius's eerie passages about communicating one's thoughts over distance with the use

of spirits were probably his inside joke about what his code could accomplish.

He took on the writing as a problem in cryptography, and within two weeks, he said, he had figured it out. As he had suspected, the demography was simply a disguise for a code.

Dr. Reeds, who does research on the mathematical problems of making and breaking codes, said it took him two days to break Trithemius's code. The hardest part, he said, was transcribing Trithemius's tables of numbers from a photo copy of a microfilm into his computer.

He guessed that Trithemius might have assigned letters to numbers using alphabetical order. He was almost right — he discovered that Trithemius used reverse alphabetical order. Once he realized that Trithemius's book was, in fact, a code, Reeds was delighted. Trithemius, he said, had "kind of a cute idea" to encrypt his encryption method. "It's the kind of idea that a computer nerd sort of person would have nowadays," he said.

But the messages that Trithemius encrypted in the tables in his book turned out to be banal. One was the Latin equivalent of "The quick brown fox jumps over the lazy dog" — a sentence that used every letter of the alphabet. Another was the start of the 21st Psalm.

Giant Star in Orion May Turn Into a Supernova

By Malcolm W. Browne
New York Times Service

NEW YORK — Measurements by one of the world's largest radio telescopes have detected peculiar bulges in the atmosphere of a giant star, which may be caused by huge plumes of gas thrust from beneath the star's surface.

The star is Betelgeuse (pronounced beetle-juice), a huge reddish star in the shoulder of the constellation Orion the Hunter. Classified as a red supergiant, the star is only about 430 light-years from Earth and is the largest star visible from the Northern Hemisphere.

Betelgeuse is believed to be nearing the end of its life — an event likely to take the form of a dazzling supernova explosion. Astrophysicists expect that such an explosion would be a spectacular sight in the Earth's sky and would perhaps shower the planet with dangerous radiation.

Reporting in the journal *Nature*, Jeremy Lim, of Taiwan's Academia Sinica Institute, and his colleagues at the National Radio Astronomy Observatory, in Socorro, New Mexico, disclosed that the radio-emitting gases surrounding the surface of Betelgeuse have a very irregular and complex structure. (The "surface" of a star is its photosphere — its luminous outer shell of gas, which is denser than the gas in the "atmosphere" above it.)

Using the Y-shaped, 22-mile-wide cluster of 27 huge antennas of the Very Large Array, near Socorro, the astronomers captured the most detailed radio image ever made of a star other than the Sun.

One of their major discoveries was that at least some of the gas in the Betelgeuse atmosphere is much cooler than was previously believed (although "cool" gas near the star's surface is still very hot by terrestrial standards: about 5,750 degrees Fahrenheit).

The lower-than-expected temperatures of Betelgeuse's atmosphere make it easier to understand how huge amounts of dust are constantly blown away from the seething star, the astronomers said.

At higher temperatures, the dust could not condense from the hot gas expelled from the star's interior. The dust created and expelled by stars like Betelgeuse is distributed throughout the galaxy and is believed to provide the raw materials that gave rise to life on Earth.

Betelgeuse is so big and so relatively near the Earth that large telescopes can actually detect features of its surface.

In 1995, Andrea Dupree of the Harvard-Smithsonian Center for Astrophysics, in Cambridge, Massachusetts, and Ronald Gilliland of the Space Telescope Science Institute, in

Baltimore, took portraits of Betelgeuse in visible light and ultraviolet light using the Hubble Space Telescope. Images from the telescope revealed several large features on the surface, including a huge bright spot.

Stephen White of the University of Maryland, a co-author of the *Nature* report, said that the spot seen by the space telescope seems to be associated with the irregular "puffiness" of Betelgeuse's extended atmosphere, as imaged by the Socorro radio telescope.

He said in an interview that it was very unlikely that an incipient supernova explosion would warn Earth-bound observers through changes in features like those now seen in the star's atmosphere or surface.

The visible parts of the star at or near its surface are too distant from the fusion reactions in its core to be immediately affected by precursors of a core collapse and subsequent supernova explosion, he said.

Betelgeuse is about 10 times more massive than the Sun,

and vastly larger in size. If it were to replace the Sun in our solar system, Mercury, Venus, Earth, and Mars would be engulfed deep within its depths. Its atmosphere would extend beyond Saturn to the orbit of Uranus.

ANOTHER member of the Betelgeuse imaging team, Chris Carilli, of the radio observatory staff, said that the group plans more observations of the star. It would be difficult, he said, to distinguish between new features on its surface and old features that might appear periodically because of the star's rotation. It is believed to take years for Betelgeuse to make even one revolution on its axis, and during this time many new gas plumes are likely to pop to the surface.

"We would have to assume that practically every new feature we may see will result from a new gas plume, rather than the rotation of the star," he said.

LANGUAGE

'Bone Stupid' to Launch Those Nukes

By William Safire

WASHINGTON — "Weapons of mass destruction has become the stock phrase in describing Saddam Hussein's threat," Jack Geschelid of San Francisco writes. "Is this some sort of shorthand for 'chemical and biological agents'? Does it include 'delivery systems' like missiles, or exclude weapons everyone else has, like conventional bombs? And where does this infectious phrase come from?"

Most arms-control buffs think it's probably a Russian term: *oruzhiye massovogo porazheniya*, a phrase much used during the Cold War that translates roughly as *weapons of mass destruction*. The Russian phrase originally referred to any heavy attack from the air, but during that era English speakers narrowed the meaning to what we called "nuclear, biological and chemical" weapons. The initials N.B.C. made some electronic journalists unhappy. This led to C.B.R. weapons, the initials standing for "chemical, bacteriological and radiological."

Thanks to some hard digging by James Goodby at the Brookings Institution, however, we may have the origin of the phrase now abbreviated as W.M.D.

At a meeting of President Harry Truman, Prime Minister Clement Attlee of Britain, and Prime Minister Mackenzie King of Canada on Nov. 15, 1945, three months after the atomic bomb wiped out Hiroshima, the leaders recommended in a communiqué that an international commission be set up to make proposals for "eliminating from national armaments atomic weapons and all other major weapons adaptable to mass destruction."

Who drafted the Attlee-Truman-King declaration? Vannevar Bush, the

MIT engineer who led much of the American scientific effort in World War II, claimed coinage in "Pieces of the Action," his 1970 memoir.

Bush described an argument he had once had with a general in the office of the Joint Chiefs of Staff about the possibility of bacteriological warfare. "He smacked the table and said to me, 'Don't you realize that the Attlee declaration contains the words "and other methods of mass destruction"?' "Yes," I said, "I knew they were in there; in fact, I put them in." He did not believe me, naturally, but it happened to be true."

Bush had suggested the language and, as he recalled, Sir John Anderson of Britain had promptly agreed. "We both thought that while we were attempting to bring reason to bear on one terrible weapon, we might as well include another that could be equally terrible, and which might have indeed become so if the atomic bomb had not taken the center of the stage."

The declaration formed the basis of the Baruch Plan for atomic arms control, presented at the United Nations in 1946, in which the elder statesman (in a speech probably written by Herbert Bayard Swope) spoke of "other weapons adaptable to mass destruction." Then and now, the phrase included nuclear bombs but was directed mainly at germ and poison-gas warfare.

The Department of Defense's Dictionary of Military and Associated Terms (we lexies call it the Dictionary of Destruction) defines the term as "weapons that are capable of a high order of destruction and/or of being used in such a manner as to destroy large numbers of people." The definition does not include the means of transporting or propelling the weapon,

like a missile or a suitcase, "where such means is a separable and divisible part of the weapon."

I've been interested in the lingo of bio-war ever since 1970, when President Richard Nixon told me, one of his speech writers, to draft a renunciation of U.S. use of biological weapons and to announce the destruction of our stockpile. Shouldn't we keep a few, I asked, in case we needed to retaliate someday? "We'll never use the damn germs," he replied, "so what good is biological warfare as a deterrent? If somebody uses germs on us, we'll nuke 'em."

It occurred to me, in drafting the renunciation, that we might have a pollution problem in mass-destruction germs, so I called the bio-war man at the Pentagon. "No problem," he said in an offhand way that still gives me a chill, "we'll just stop feeding them."

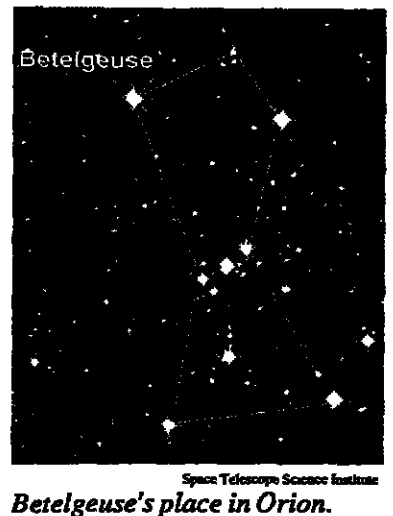
"This move by the independent counsel is bone stupid," opined the New York Times.

"I've heard of bonehead, bone chine and bone dry, but never bone stupid," writes Ralph Palmest, of Trumbull, Connecticut.

Bone stupid, I was able to penetrate the wall of anonymity surrounding the Times editorial board to discover "it's Alabama for 'extremely stupid' or maybe it's just a Rainsesim."

No, the meaning of the attributive noun is more subtle than that. This intensifier combines the connotation of stupidity from the bone in baseball's bonehead play and its short form, boner, with the extreme tiredness of the bone in bone weary — exhaustion felt down deep in your bones. A star usage fell from Alabama.

New York Times Service



Betelgeuse's place in Orion.

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BUSINESS

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SMART CAR DEMO

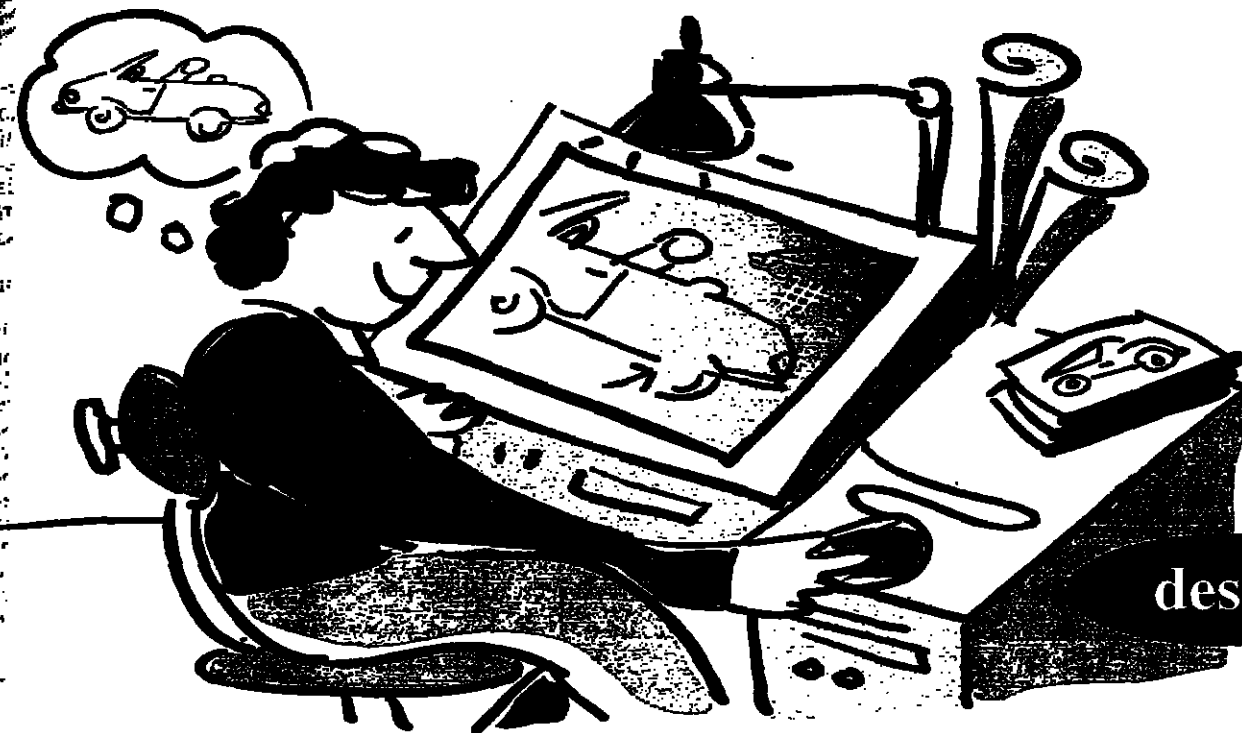
Herald Tribune

سكرا من الازهر

BUSINESS TO e-BUSINESS: MANUFACTURING

THE KEYS TO COMPETITIVE ADVANTAGE

Information technology is being integrated into the entire manufacturing process.



design

DIGITAL DESIGN GETS NETWORKED

Intranet and extranet linkups shorten development lead times.

These days designers and manufacturers are racing on a treadmill, especially producers of highly engineered products like planes, trains, cars and computers. Today's competition is more global than ever before, customers are more demanding and products are increasing in complexity.

The most successful engineers and enterprises have been taking advantage of computer-assisted design and manufacturing for years, with corresponding improvements in product quality and time to market. When the technology used in manufacturing is linked to the latest in e-business applications, the results create clear competitive advantages.

Digital mockups (DMUs), for example, first came into use in the mid-1980s, pioneered by U.S. aerospace giant Boeing Co. With DMU, engineers are able to assemble aircraft mockups digitally, thus overcoming the problems of physical mockups, which become more complex the further downstream you go.

When development teams in various locations are linked to each other and to a DMU and its files and support material via a company intranet, information may be shared among designers and other teams, such as marketing and sales, and the data can be used later for after-sales service, answering customer queries and conducting remote analysis or repairs.

In an article in the Harvard Business Review (November-December 1997), Beh-

nam Fabrizio of Stanford University and Rick Walleigh of Ernst & Young said that a major contributor to successful product development is an ongoing dialogue with customers — not only current customers, but also prospective customers, indirect sales channels such as retailers and wholesalers, clients of current customers and even former customers.

Intranet and extranet linkups make this kind of ongoing dialogue much easier and faster.

Saving time and money Digital mockups are also used to design the machines that make parts and to specify how each part will fit into the assembly process. "The reality is that DMU is at work today, and companies that are adapting their processes around it will have a competitive advantage tomorrow," says Peter Ryan, director of engineering technology solutions, IBM, Europe/Middle East/Africa.

"For a '98 car we were working on, we used DMU, found 1,500 part interferences and fixed them before the [physical] prototype was made," says Ron Bienkowski, an executive engineer for Chrysler Corp.'s Technical Computing Center. DMU is a potent technology tool, but it is only the tip of the design iceberg. More and more companies choose to implement it with CATIA, developed since 1981 by France's Dassault Systèmes SA and marketed by IBM.

CATIA delivers an environ-

ment for digital simulation and communication in all aspects of engineering and design, from product concept and definition to manufacturing and plant operations, and maintenance and field operations. For example, CATIA can be used to design the body panels of an automobile and the tools needed to press them from sheet steel, as well as to program the robots that will weld and paint these panels on the assembly line. It can also be used to design the manufacturing facility itself.

"We can shorten development lead times considerably," says John Farrant, a consultant with IBM manufacturing industries. "An automobile that took from 48 to 56 months to develop as recently as three years ago is now approaching 18 to 24 months."

More than 10,000 existing customers worldwide are using CATIA. These companies include global enterprises such as British Aerospace PLC, Lockheed Martin Corp., Samsung Heavy Industries Co. and Volkswagen AG, companies like Frigidaire Co. and Black & Decker Corp., as well as smaller companies. IBM's Mr. Ryan points out that more than 95 percent of IBM's new customers in Europe last year would be considered small or medium-sized enterprises, with less than 1,000 employees.

Manufacturers have long exploited the advanced digital mockup and geometric capabilities of computer-

aided design software. The same is true for manufacturers using product-data management software to control the huge quantities of data generated by engineers during the product development process.

However, neither of these two application suites fully addresses the widely varying requirements for creating and managing product information throughout a product's entire life cycle and across an extended enterprise. That's why in February, IBM and Dassault Systèmes announced an initiative to bridge this gap.

ENOVIA Corp., a new subsidiary of Dassault Systèmes, is developing an integrated solution that addresses both virtual product development management and product-data management. IBM will market and sell this new solution and offer consulting and business transformation services to implement it. Working together, CATIA and ENOVIA solutions are helping British Aerospace achieve significant reductions in cycle time and improvements in quality, with fewer misfits in actual production.

Glenn Gise, Black and Decker design systems manager, believes that the IBM Dassault alliance will allow his company to better manage "our concurrent product development and strengthen our industry-leading role in the introduction of new, innovative products."

And avoid the treadmill entirely. ■

Information technology in manufacturing today is no longer an "if" but a "how." The current question facing producers and entrepreneurs is not "Should I invest in information technology?" but "How do I improve my competitiveness?"

Last year, the world's manufacturers spent about \$90 billion on information technology, about half of that spent by small to medium-sized enterprises (SMEs) with less than 1,000 employees. Nearly two-thirds of the total — some \$57 billion — was invested in production systems, from business management to resource planning and logistics. Another \$21 billion was spent on design and development. The third major area was sales and marketing support, which received \$11 billion.

However, large investments alone do not ensure competitive advantage. David Burdick, a vice president of the Gartner Group, explains that market winners are those who build products better, bring them to market faster, offer greater innovation or show greater responsiveness to customer needs.

The biggest challenge then for manufacturers, according to Greg Lock, general manager of IBM's global manufacturing industries unit, is "unleashing the knowledge existing in enterprises and using it to reduce cycle times and increase global reach." This is true for large multinationals as well as SMEs, he notes, because "SMEs also sell to large companies."

Using the Internet, intranets or extranets, manufacturers are integrating information technology into the entire manufacturing process, from early creative product design and development to building, testing and assembly and throughout the product life cycle, including updated versions, second-generation products, service, maintenance and recycling.

Speed and flexibility This e-business approach results in a speedier manufacturing cycle that is less expensive and more productive. It also gives manufacturers the flexibility to respond to changing market conditions and to new demands from customers.

John Griffiths, a senior consultant in the consulting group of IBM global manufacturing industries, explains that design, manufacturing and sales can all work together to ensure greater flexibility and creativity. "They must all be connected with each other and with the customer," he says, "communicating through an extended supply chain."

He describes four types of manufacturing, depending on the nature of the product and the production process. An old-fashioned carpenter may make wooden tables to order, building each by hand to specific customer request. This is an example of product and process changing each time. This sort of business may use computers and networks only for communicating with clients and keeping records.

The opposite is a mass production

line of soft drinks, each bottle exactly like all the others. Both process and product should be stable in mass production, and well-designed technology can have a powerful effect on the bottom line. For example, just-in-time electronic confirmation of shipments from suppliers can dramatically reduce stocks of raw materials.

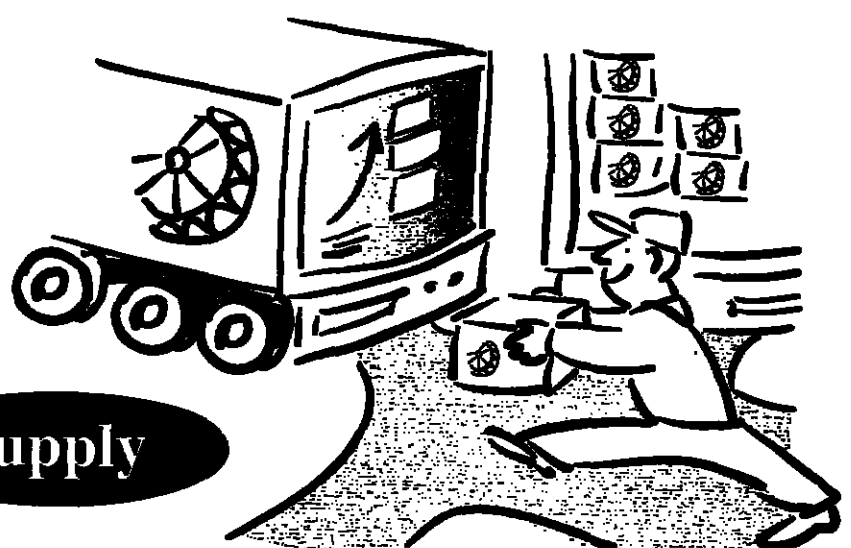
A third manufacturing approach is one of continuous improvement, where the product remains stable but the process changes each time. Daimler-Benz AG is currently rolling out Diagnose 2000, a network of 6,000 dealers in 198 countries equipped with diagnostic computing capability for the cars they sell. IBM's Mr. Lock notes that the information obtained will be channeled directly back to the manufacturing process, so incremental improvements can be made in future vehicles.

have no limits for seeking information and solutions," he says.

Last autumn, IBM and Dassault Systèmes SA introduced a CATWeb Navigator to make product design information available to non-engineers inside or outside a company. Now finance, sales or purchasing departments, or outside suppliers or customers, can access design data during the development process without special training or expensive equipment.

Harvard Business School Professor David Upton, in his article "The Real Virtual Factory" (Harvard Business Review, July 1996), says, "Information sharing will become increasingly important: Joint ventures, outsourcing and the rise of the 'virtual corporation' all require richer communication among more partners and more locations."

"As manufacturers move away from



supply

Mass customization is the fourth approach; it most clearly underscores the impact e-business can have on manufacturing by making possible "markets of one" for formerly mass-produced products. The process is stable, but the product changes each time. Levi's, for example, produces made-to-order jeans from orders taken on the Internet; white goods manufacturers can do the same for appliances drawn from vast lists of features, sizes and colors; Raleigh and Panasonic bicycles can be custom-built from scratch.

Bang & Olufsen A/S, the Danish maker of high-end home entertainment systems, has set up an e-business capability with their franchisees and distributors to configure its systems online. Their Dealersystem, developed by Bang & Olufsen and IBM, speeds the ordering and fulfillment process, avoids human error and suggests the best way to distribute a system in a home.

Using the Web Regardless of the manufacturing approach, "the biggest thing changing the face of manufacturing is Web technologies," says Mr. Burdick of the Gartner Group. Manufacturers and their suppliers and vendors used to be limited by geography. Now, thanks to the Internet and extranets, Web browsers and Java applets, "people in manufacturing

vertical integration to horizontal, networked organizations, more people have to collaborate, trust each other and share information," agrees Friedrich Christeiner, general manager, IBM manufacturing industries, Europe/Middle East/Africa.

The obstacles, he emphasizes, are cultural, not technological. But the largest and most successful multinationals are already doing this, so their second and third-tier suppliers will eventually follow suit. Technology is culture-blind, and so is the clarity of competition: You win or you lose. ■

FOR MORE INFORMATION ON e-BUSINESS:

Contact IBM by e-mail at john_read@uk.ibm.com or by fax at +44 1 926 407 215. For examples of European e-business initiatives, consult www.europe.ibm.com/nc/customer.

Look for the "Business to e-Business" series on the IHT Web site at www.iht.com/IHT/SUP/ebiz.html. The Web version of "Business to e-Business: Manufacturing" hotlinks the following key words to other relevant Web sites: CATIA • Enterprise Resource Planning • Network Vehicle

REVVING UP THE MANUFACTURING SUPPLY CHAIN ON-LINE

Manufacturers are working with fewer suppliers, but are developing increasingly collaborative relationships via extranets.



production

A car seat worth a billion dollars? That is what the U.S. auto industry would save annually on car seats alone if it had a common platform for electronic communication, estimates the Industrial Technology Institute (ITI), an automotive research organization.

Today, it takes about four weeks to communicate information about a car seat from a manufacturer to its fourth-tier supplier (four levels down the supply chain). With a network-based com-

munications system, the time would drop to five days, with savings of a billion dollars, or \$71 per car, says the ITI.

Savings like these are behind the development of the Automotive Network Exchange (ANX), a network infrastructure for the automotive industry that will link Chrysler Corp., Ford Motor Co., General Motors Corp. and their top 1,300 suppliers by this summer.

IBM Global Network will be one of the service providers in this initiative and expects to play a similar role as the European counterpart to ANX is launched next

year. Eric Schiphorst, director of e-business solutions, IBM global manufacturing industries, explains that the impetus comes from a change in the relationship between manufacturers and their suppliers.

In the past, the U.S. Big Three automakers communicated directly with all their suppliers, he says. Now they are passing on much of this responsibility to the next level down. "Manufacturers are opting to work with fewer suppliers these days, but much more closely — from design to delivery. So extranets are developing to

speed time to market, because electronic supply chains compress weeks into days."

Chrysler Corp.'s SCORE (Suppliers Cost Reduction Effort) program has saved the company \$2.5 billion in costs since 1989. SCORE is an e-business-based upgrade of the employee suggestion box, based on Lotus Notes. Suppliers are compensated for suggestions that will save money for Chrysler; benefits include not only cost reductions and better products, but a closer working relationship between the company and its suppliers.

The auto and aerospace industries have taken the lead in collaborative manufacturing, but the trend encompasses electronics, semiconductors and other industries with large-scale multinational enterprises. The trickle-

down effect means that tier-four subcontractors, who may be small or medium-sized enterprises, must also be networked or they will lose business.

Electronic networks are only as beneficial as the applications they support. IBM's EnterpriseXspan is an environment in which collaborators can communicate, exchange news, hold discussions, conduct research and enjoy access to applications for design and development.

Manufacturing involves more than supplier relationships, however; it also includes planning, production and design. IBM's ERPconnect is a suite of industry-specific plant floor software and hardware to help manufacturers optimize their production resources by collecting, organizing and facilitating the flow of in-

formation about planning, scheduling, production, quality and warehouse management.

Kyle Pound, a research analyst specializing in ERP (Enterprise Resource Planning) at the Gartner Group, believes that network technologies are changing the nature of the ERP function. "For the next two years," he suggests, "the strategy will be 'passive,' deploying functionality for browser Web use. Employees, customers and suppliers will be able to view static data."

"Proactive ERP will come after 2000, opening up applications with push-based Java applets. Customers will be able to solicit manufacturing schedules and demand plans, and suppliers will release new product specifications and implement design changes to posted specs." ■

SMART CAR DEMONSTRATES 'PERVERSIVE COMPUTING'

It wowed the crowds at COMDEX in Las Vegas last November and drew the personal attention of Chancellor Helmut Kohl of Germany at CeBIT in Hannover last month. Eventually, the Network Vehicle developed by IBM and partners Delco Electronics Systems, Sun Microsystems Inc. and

Netscape Communications Corp. will win the hearts of auto buyers everywhere.

In the meantime, it is a working model of what Friedrich Christeiner of IBM manufacturing industries calls "pervasive computing." As microchips invade all aspects of industrial life, manufacturers will be able to hook

up directly with suppliers and keep in touch with customers on a continuing basis.

But the trade-show visitors lining up three-deep to see the car weren't thinking of its implications for manufacturing. They were too busy cooing over the Internet-enabled television in the back seat. They marveled at

how Global Positioning Service information was displayed on the windshield. The "head-up" display, similar to that used by jet fighter pilots, allows drivers to keep their eyes on the road.

Time-pressured professionals were drawn to the voice-activated communications services, such as e-mail, fax and pager, all available without taking one's eyes off the road or hands from the wheel. Safety- and security-conscious drivers also appreciated the theft-deterrent technologies, remote maintenance and automatic link to emergency services in case of accidents.

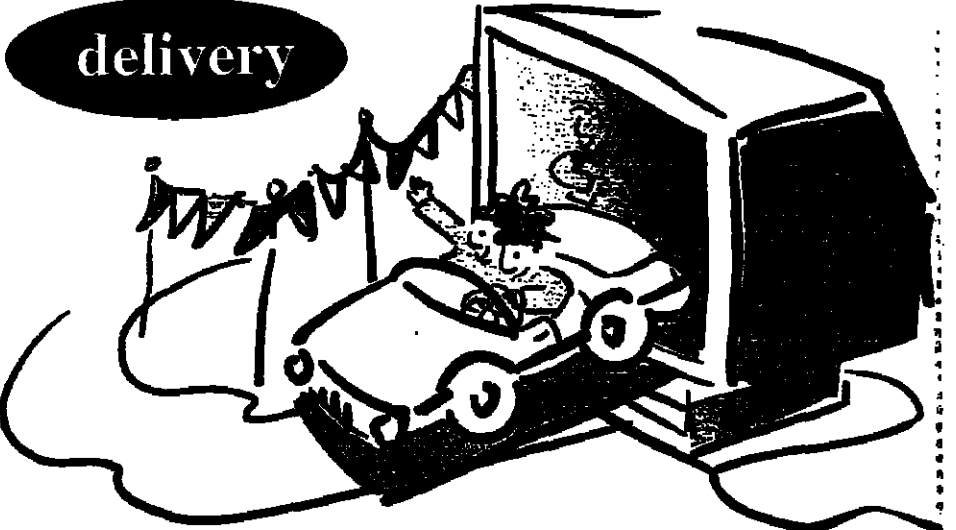
Pat Toole, general manager of solutions for IBM global manufacturing indus-

tries unit, predicts that some of the features will be on the market within two years. "Within six years, probably everything will be available," he says, because IBM and partners made it a point to use existing technologies rather than science-fiction gizmos.

The network concept can be applied to any manufactured product. Mr. Christeiner gives the example of an air conditioning unit that sends an alert when it needs repair, or a vending machine that tells its distributor what is selling minute by minute.

Mr. Toole says the purpose of the car is not to "show off technology," but "to show how technology can bring value to manufacturers." ■

delivery



"BUSINESS TO e-BUSINESS: MANUFACTURING" is the eighth page in a series that addresses the impact of electronic business on various industries. It is an IHT/IBM joint initiative sponsored by IBM and produced by the IHT Advertising/Supplements Department.

WRITER: Claudia Flist, based in the South of France.
ILLUSTRATIONS: Karen Sheckler-Wilson.
PROGRAM DIRECTOR: Bill Mahler.

INTERNATIONAL
Herald Tribune
PUBLISHED WITH THE IHT SINCE 1978

IBM

PAGE 14

U.S. MUTUAL FUNDS

Figures as of close
of trading Friday, April 17

[illegible]

This table shows the performance of Nasdaq-Listed mutual funds through Friday and includes the top 4,000 funds in terms of assets. There are roughly 6,160 funds currently listed on Nasdaq.

Group names are shown in bold face, with individual fund names in each group indented below. Funds that are not part of a group are not indented.

NAV is the net asset value, i.e. the portfolio value divided by the number of shares outstanding, as reported by the fund through Massad. NAV excludes all sales or redemption charges. Change shows the variation from the previous Friday.

Notes: **c** - available only through a contractual plan; **n** - no front-end load or contingent deferred sales load; **p** - fund assets are used to pay distribution costs; **r** - redemption fee or contingent deferred sales load may apply; **t** - footnote n and r

Price field footnotes : e = ex capital gains distribution;
f = previous day's quotation; a = stock dividend or split;
x = ex cash dividend.

French Finan
Now Enjoys th
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CURRENCY RATES

MONDAY, APRIL 20, 1998

PAGE 15

French Finance Chief Now Enjoys the View

Ready for Euro, France Expects Growth

By Craig R. Whitney
New York Times Service

PARIS — After all the political and economic hoops that France jumped through to get itself ready for the common European currency that will start next January, Dominique Strauss-Kahn, the minister of economy, finance and industry, has good reason to feel pleased with himself.

Sitting in a sixth-floor office in the magnificent modern building of the ministry, with his Reuters financial monitor carefully placed so as not to obscure the view of the Seine downstream to the cathedral of Notre Dame, Mr. Strauss-Kahn admitted the other day that luck had had something to do with his success in getting France to be one of the new currency's charter members when European leaders formally approve the project May 2.

"What's surprising is that the preceding majority had such a myopic view of the economy that it couldn't see that growth was on the way back," Mr. Strauss-Kahn said, referring to the conservative government that had a majority in Parliament until last June. "It shows that luck helps, but a little vision does, too."

The previous government thought it would have to carry out painful austerity measures to bring the French deficit down to the maximum of 3 percent of gross domestic product that would make the country eligible to join the common currency, the euro.

That was why President Jacques Chirac called a surprise election last year in hopes of winning a fresh conservative mandate.

Angry voters gave a majority to the Socialists instead, putting Lionel Jospin, Mr. Strauss-Kahn's mentor, into the prime minister's office. With unemployment at 12.8 percent, Mr. Jospin promised to make jobs instead of deficit reduction his priority.

Then higher-than-expected economic growth, plus some astute financial maneuvering by Mr. Strauss-Kahn, allowed France to finish the year with a deficit just a hair above 3 percent and to begin bringing down unemployment, now at 12.3 percent.

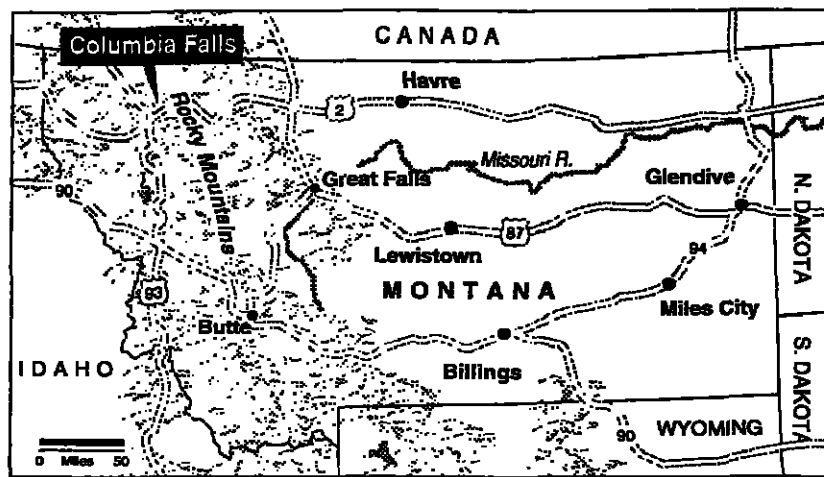
"We finished the year with a level of public expenditure that was lower than what our predecessors had approved," he said. His critics in the conservative opposition say that by keeping a tight rein on spending, Mr. Strauss-Kahn in effect went back on Mr. Jospin's campaign promises. But as economic growth returned, nobody worried much about that.

Mr. Jospin, who was best man at Mr. Strauss-Kahn's wedding to a well-known French television journalist, Anne Sinclair, eight years ago, allowed him to raise corporate tax rates by 15 percentage points and to more than double capital gains tax rates, bringing both to 41.6 percent. But with individual income-tax rates held for the most part at previous

See KAHN, Page 19



Dominique Strauss-Kahn says previous government was "myopic."



Roberta Gilmore, a former accountant for Columbia Falls Aluminum, led the legal battle against the owners.

In Montana, the Little Guys Win

Aluminum Workers Strike Gold in Profit-Sharing Battle With Owners

By Jim Robbins
New York Times Service

COLUMBIA FALLS, Montana — In 1985, Columbia Falls Aluminum Co. wrung a 15 percent pay cut from employees in return for an apparent will-o'-the-wisp: a share of the profit from an aluminum refinery that was a perennial money-loser.

Brack Duker, the executive who had just bought the refinery from Atlantic Richfield Co. for a symbolic \$1, held out a firm promise, many workers recall. If the aluminum market ever recovered, Mr. Duker assured them as he lobbied for the plan, "a dollar in your pocket is a dollar in mine."

In the end, the workers reluctantly accepted the offer, and the price of aluminum did in fact recover — far beyond anyone's expectations. Starting in 1986, Columbia Falls Aluminum became a money-making machine.

But over the next five years, rather than splitting the take, Mr. Duker and his minority partner, Jerome Broussard, funneled much of the money into secret offshore bank accounts. Before they cut off their union and salaried employees altogether, the two men had awarded \$84 million to them and \$231 million to themselves. As it turned out, a dollar in the pockets of workers would be nearly \$3 in those of the owners.

In 1989, Mr. Duker and Mr. Broussard dismissed their chief financial officer after he raised questions about their financial practices. With him gone, and with the plant's work force more concerned about job security than profit-sharing checks, there seemed to be no end to the gravy train.

But there was something ahead on the tracks that would derail it — a 39-year-old accountant at the plant named Roberta Gilmore, who challenged the company's bookkeeping practices and was promptly told to keep her mouth shut.

Instead, after fuming for a couple of years, she filed a lawsuit.

What ensued was a classic David-versus-Goliath business tale, a battle that from the beginning seemed almost hopeless for Ms. Gilmore and the workers. At one point, the two small-town lawyers she hired showed up in federal

court in Missoula, Montana, wearing polar fleece jackets and hiking boots. They were greeted by Mr. Duker — flanked by three bodyguards and 13 lawyers in finely tailored suits.

Clearly, Mr. Duker had the upper hand in any war of attrition. Yet, five years and 10 months after the suit was filed, he threw in the towel. Just two weeks before Ms. Gilmore's lawsuit was scheduled for trial, he agreed to pay the workers \$97 million — nearly double his previous offer and eight times the initial proposal he made in 1995.

When she heard the news, Ms. Gilmore broke into sobs.

Her unlikely victory has a special resonance in an era when everything seems stacked against blue-collar workers. Union membership is continuing a long decline; inflation-adjusted wages are stagnant; and millions of low-paid Americans struggle without health insurance.

All the while, the rich get richer: Executives at big corporations receive stratospheric compensation packages, and shareholders reap huge windfalls just by sitting back and watching the Dow Jones industrial average defy the law of gravity.

This time, though, romance wins and the workers are cashing in.

More than 1,000 current and former employees at the factory will be getting checks this month, ranging from a few thousand dollars to more than \$300,000, depending on their length of service. But no one is celebrating it as an unambiguous victory. For even though the workers received far more than they ever thought they would, they also think that Mr. Duker and Mr. Broussard are

walking away with \$57 million that is rightfully theirs, too.

"There's not a feeling anybody won," said Terry Smith, president of the Aluminum Workers' Trade Council, the hourly workers' union. "There's a feeling of relief."

"I believe this kind of stuff goes on across the country," he said.

This account is based mainly on court documents and interviews with workers and their lawyers. Both Mr. Duker and Mr. Broussard declined to be interviewed. But the thrust of their position — as articulated in court records, a company response to written questions and telephone interviews with one of their lawyers — is that there was no binding profit-sharing agreement. Furthermore, they contend that the complexities of the corporate-tax system accounted for much of the gap between what they paid workers and what they paid themselves.

While declining to go into specifics, the lawyer, Mark Shipow of Los Angeles, disputed the plaintiffs' calculation of the size of that disparity. "The numbers are wrong, and their figuring is wrong," he said last week.

In 1985, ARCO was selling its metal division and wanted to get rid of the Columbia Falls plant, which was losing money. So the oil company devised a plan to sell it for \$1 (plus \$3 million for the inventory) to Mr. Duker, an ARCO executive in charge of divesting unwanted properties.

As part of the deal, the two sides agreed that workers would take a major

See BATTLE, Page 19

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CYBERSCAPE

Investment Fraudsters Stalk the Web

By Jane Bryant Quinn
Washington Post Service

WASHINGTON — Wherever investors gather, you are going to find fraud — and the Internet is an especially hospitable spot for hanky-panky.

About 7 million American households use the Web's investment-related services, according to an estimate by Jupiter Communications Co., a New York City research firm that specializes in emerging technologies. New investors, in particular, are not realizing how easy it is to make a bogus stock look real.

Marc Beauchamp, spokes-

man for the North American Securities Administrators Association in Washington, has a shorthand way of measuring the spread of Internet fraud.

"A year ago, my e-mail box at home would fill up with come-ons from X-rated Web sites," he said. "Today, it is almost all financial scams."

To understand how efficient it is to steal money through the Internet, talk to John Reed Stark, chief of the new Office of Internet Projects and Investigations at the Securities and Exchange Commission. At very small cost, he said, scam artists can now reach tens of millions of people at once. Think of it as

increased productivity. By becoming technologically hip, fraudsters can greatly increase their take.

Mr. Stark explained how this works in a fable recently published by Insights, a newsletter for corporate and securities lawyers, put out by Aspen Publishers in New York. It concerns an imaginary company called PhenomX, which claims to have a cancer cure.

PhenomX has just applied to have its new and only drug approved by the Food and Drug Administration. The company president, Willie Sutton, knows the FDA will say no. The drug is merely coffee grounds in tablet form.

Willie and his friends own all 10 million of PhenomX's shares, which are now at 50 cents on the OTC Bulletin Board. He intends to pump up the stock price, then dump his shares at a profit before the truth is known.

Here is how he does it, on the Web:

Step 1: The phony Web page. Willie sets up a central location (home page) on the Web to tell potential investors about his miracle drug. He posts exuberant reports about PhenomX, thrilling but phony financial projections, documents bearing the FDA seal and information on how to buy the company's shares.

There is also a bulletin board for posting messages and a chat room where investors can talk. The setup costs Willie nothing. He builds his flashy home page with free software downloaded from the Web.

Step 2: Spam, spam, spam. "Spam" is the Web word for junk mail. Unlike ordinary mail, however, electronic mail costs almost nothing to send. He drafts a personal note, calling PhenomX a phenom-

enal buying opportunity, and beams it out. An investor who reads it can, with a mouse click, jump to Willie's stock-selling page.

Step 3: Begin the buzz. Willie smoothes Web investment forums with marketing materials. He creates discussion forums for PhenomX, where investors can talk about the stock.

To get the discussion going, he posts enthusiastic entries under false names. He asks questions with one name and answers them with another. Investors get interested, and the stock price starts moving up.

Step 4: Tout it yourself or bribe a tout. Willie concocts a more sophisticated buzz by creating "independent" online investment newsletters that tout PhenomX. He can build them with the same free software he used for his home page. He posts the newsletters' Web addresses on investment bulletin boards and waits for investors to respond.

If he wants to spend more money, he pays an existing, dishonest on-line newsletter to name PhenomX as its "pick of the month."

By this time, bedazzled investors might have bid the stock price up to \$10. Willie and his friends sell out, and the share price collapses. If you spot an on-line stock fraud, report it to the Securities and Exchange Commission via e-mail at enforcementsec.gov. You might stop Willie before he cheats again.

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CURRENCY RATES

Cross Rates	April 17
Australian \$	1.3525
British pound	1.6425
Canadian dollar	1.3525
French franc	166.35
German mark	1.3660
Italian lira	2036.27
Japanese yen	146.35
Netherlands guilder	1.3660
New Zealand dollar	1.3525
Portuguese escudo	200.48
Spanish peseta	166.35
Swedish krona	1.3660
Swiss franc	1.3660
Taiwan dollar	1.3660
Thai baht	1.3660
U.S. dollar	1.0000
Yen	146.35

Closing in Amsterdam, London, Milan, Paris and Zurich. Rates in other centers New York and Toronto rates 4 P.M. To buy one pound: To buy one dollar: Units of 100 N.L.G. not quoted N.A.: not available.

Other Dollar Values	Per \$
Argentine peso	1.3525
Australian \$	1.3525
British pound	1.6425
Canadian dollar	1.3525
French franc	166.35
German mark	1.3660
Italian lira	2036.27
Japanese yen	146.35
Netherlands guilder	1.3660
New Zealand dollar	1.3525
Portuguese escudo	200.48
Spanish peseta	166.35
Swedish krona	1.3660
Swiss franc	1.3660
Taiwan dollar	1.3660
Thai baht	1.3660
U.S. dollar	1.0000
Yen	146.35

Forward Rates
30-day 60-day 90-day
Currency 1.3525 1.3525 1.3525
Source: ING Bank (Amsterdam); Cera

CAPITAL MARKETS ON MONDAY

Global Jumbo Bonds Are Back in Fashion; the Yen Is Not

By Carl Gewirtz
International Herald Tribune

PARIS — New-issue activity in the international capital market is set to spring back this week from its holiday hiatus and show off a new fashion — multiyear jumbo global bonds.

Auto companies will lead the pack, with Ford Motor Credit Co. expected to sell \$1.5 billion of five-year notes and \$1 billion of seven-year paper. General Motors Corp. plans to raise \$1.5 billion, reportedly divided between seven-year notes and long-term bonds with a maturity of either 20 or 30 years.

By contrast, Toyota Motor Corp. of Japan is planning to raise \$1.5 billion via standard five-year notes that will be offered internationally rather than in the global format that Ford and GM are using, which includes simultaneous sales in the United States.

The multiyear formula was used earlier in the month by South Korea when it sold \$3 billion of 10-year paper and \$1 billion of five-year notes — a choice of maturities separated enough to appeal to investors with different preferences when it comes to duration.

While the GM issue will provide a clear choice on duration, analysts noted that paper in the international market rarely exceeded 15 years, raising questions of whether a U.S.-targeted long-term issue has been added on to the global portion simply to enable the automaker to benefit from lower international underwriting fees.

Also scheduled is \$500 million of five-year issues from Swedish Export Credit and from Export Development Corp. of Canada.

Sweden will also be offering investors 2 billion euros (\$2.19 billion) of paper maturing in 2009. At the same

time, Sweden will open a domestic issue of 3 billion kronor (\$387.4 million) with identical terms.

The kronor portion will be built up over time through the normal weekly auctions to an outstanding value of some 60 billion kronor.

By offering paper denominated in euros, Sweden, which has ruled itself out as a candidate for immediate entry into the European Union's monetary union, is offering investors the same bond in two currencies — an instrument that is expected to be actively used by currency traders taking a view on the krona's value versus the euro.

However, the real action in the foreign-exchange market is still the yen — which is forecast to fall substantially against the dollar as well as the Deutsche mark.

Activity was relatively restrained last week, awaiting the outcome of the meet-

ing of the Group of Seven finance ministers. Two key events this week are a decision on whether to adjust the time frame for reducing Japan's budget deficit and details on the government's latest spending package. Either or both, analysts warn, could serve as a springboard for a new round of intervention by the Bank of Japan.

While no one wants to stand in the way of intervention, it is clear that unilateral Japanese intervention is not going to turn the yen around.

"They spent something like one-tenth of their reserves, intervening on days when trading was thin," said Philipp Malmgren at Bankers Trust, referring to trades made by the Bank of Japan over the Easter holiday.

Considering how little was achieved — the dollar was stopped at 135.47 yen and driven down to 127.38 yen, but then ended last week halfway back up, at

131.78 yen — Ms. Malmgren said the market saw the Bank of Japan as "operating from a position of weakness," and the yen poised to resume its fall.

But with the G-7 heads of state to meet in England next month, analysts look for the dollar to remain in a tight range against the yen and expect the mark to move more sharply. The mark advanced 3.4 percent against the yen last week, compared with a 2.4 percent rise for the dollar.

Increasing signs of recovery in Germany are fostering expectations of an increase in short-term interest rates by year-end, and that is bolstering the mark as well. The dollar ended the week at 1.8100 DM, up from the week's low of 1.7947 DM.

But analysts caution that a break below 1.79 DM could be seen as signaling a new period of sustained weakness for the dollar against the mark.

Asian Crisis
Lifts Bonds,
Outweighing
Fed Jitters

Bloomberg News

NEW YORK — U.S. Treasury bond prices are poised to build on their meager gains so far this year, even as Federal Reserve Board officials suggest the economy is running at an unsustainable clip.

That is because a slump in Japan and the collapse of several other Asian economies have helped put the brakes on inflation. As long as that continues to be the case — as many investors expect — the outlook for bonds is good, whether the economy slows or not.

"It's not about growth; it's about inflation," said Garth Nisbet, a bond manager at Crabbe Huseon Group in Portland, Oregon.

There is ample evidence of tame inflation. A report this month showing a fifth consecutive monthly drop in producer prices was

U.S. CREDIT MARKETS

followed by a report Tuesday showing that consumer prices rose 1.4 percent in the year ended in March, the second-smallest increase in 33 years. On Thursday, the Federal Reserve Bank of Philadelphia said its index of prices paid by manufacturers in that region was down sharply.

Signs that inflation is practically dormant ought to be good news for bonds, because it means they will retain more of their value. But lingering concerns about the economy's strength, a tight labor market and prospects for faster inflation have kept a lid on gains in bonds.

The yield of the benchmark 30-year bond has wandered between about 5.8 percent and 6 percent for more than a month, after falling as low as 5.66 percent in January, when there was greater concern that Asia's economic problems would curb U.S. growth. For the week, bonds were little changed, with the 30-year yield at 5.87 percent Friday, compared with 5.88 percent a week earlier. Investors who bought bonds at the beginning of the year have seen returns of just 2.4 percent, compared with gains of almost 17 percent in 1997.

Yields on two-year notes — among the most sensitive to Fed expectations — have climbed eight basis points in the past couple of weeks, to 5.50 percent Friday, as comments by Fed officials suggested the U.S. central bank was less concerned about the Asian turmoil slowing growth and more focused on the risk that the current strength of the economy and job market will spur inflation.

Laurence Meyer, a Fed governor, last week called the pace of U.S. growth "unsustainable," suggesting that any slowdown tied to Asia's economic problems might come too late to prevent a Fed rate increase.

"There is concern that the Fed is getting nervous about economic growth," said William Stevens, a fund manager at Montgomery Asset Management in San Francisco.

Some investors are concerned that strength in housing and jobs will keep the economy's brisk pace from abating much, keeping the Fed alert for signs of inflation. Rising wages may put pressure on prices, while flagging energy prices — a major force in keeping overall inflation low — may pick up in the months ahead.

Taking Stock of Mergers:
Is This the Time to Sell?
Investors Ponder Strategy for Hot Bank SharesBy Robert D. Hershey Jr.
New York Times Service

NEW YORK — Should I cash in — or hang on?

That is a natural question for multitudes of investors who have watched with glee as the value of their stakes in Citicorp and some other financial giants leaped to new peaks this month on announcements of megamergers.

Handicapping a pending merger can be tricky for even the best-plugged-in professionals; for an armchair investor, the uncertainties swirling around many deals can make them a crapshoot. Will another suit appear and start a bidding war? Will regulatory problems or unforeseen snags unspool the deal? If it goes through, will the new company outperform or underperform the old one?

Tempting though it may be to sell into a roaring bull market in which bank

stock's weight in a portfolio, necessitating some selling to restore balance.

"If more than 30 percent of somebody's portfolio is tied up in one stock, it's probably a good idea to lighten up," said Mark Watson, a partner in the Dallas office of KPMG Peat Marwick.

Tax consequences are part of any decision to sell stock, and taking profits from a merger run-up often means giving the Treasury a cut. Still, advisers say taxes should not be the dominant factor in the decision.

Holding, not selling, the merging bank stocks is the counsel of Esther Berger, an investment adviser in California, who points to the "one-stop shopping" promise of the Citicorp-Travelers deal, the transcontinental reach of NationsBank-BankAmerica and the "tremendous powerhouse" being formed by Banc One and First Chicago in the Midwest.

"The synergy of all of the deals is going to be very positive," said Ms. Berger, senior partner at Berger, Jaffe & Associates.

In many big bank deals of recent years, acquirers like NationsBank and its North Carolina-based rival, First Union Corp., were accused of paying too much. But the current wave of consolidation has aroused little such criticism.

Mr. Ryan of Bear, Stearns said he was pleased with the way NationsBank had "gone to California," without this time diluting its stock and suggested that any skittish Citicorp investors consider redeploying some assets in its direction.

Carl D. Arista of Friedman, Billings, Ramsey in Virginia recommends adding even more NationsBank and BankAmerica stock. She views the industry's consolidation as still in its early stages.

By contrast, Charles Vincent of PNC Bank in Philadelphia, was wary about the outlook for all the merger-bound securities in coming weeks. "With the stocks up where they are, there could be some profit-taking," he said.

For those who are inclined to cash in at least part of their winnings but want to remain invested in a hot industry, experts recommended Bank of New York, First Tennessee National Corp. and SunTrust Banks Inc. as well as some prominent names as J.P. Morgan & Co., Bankers Trust Co. and First Union. All are considered takeover prospects.

But financial planners say most investors seem content to revel in paper profits. "Right now people hate to sell anything," said Stanley Chadsey, proprietor of Capital Planning Associates in Manhattan. "You open up the paper next day, and it's up again."

INVESTING

stocks have been a pacesetter, financial planners and industry analysts generally advise investors to hold on to the stocks involved in the three big recent deals — Citicorp and Travelers Group Inc., NationsBank Corp. and BankAmerica Corp., Banc One Corp. and First Chicago NBD Corp. — because of a good likelihood of further gains.

"I'm telling people to stick with these stocks," said Michael Ancell, an analyst specializing in financial stocks at Edward Jones. "They're going to pay off better than people expect."

Still, Mr. Ancell and a half-dozen other analysts around the country expressed preferences for some players over others and allowed that harvesting some profits might be wise for investors with shorter-term horizons.

The advisers expressed the least confidence in the deal that would create Citicorp, a banking-insurance-securities powerhouse, because the combination must overcome regulatory obstacles in Washington and blend disparate corporate cultures.

"You have an unprecedented level of deal risk that isn't priced into the market," said Sean Ryan of Bear, Stearns & Co. "I certainly see places where I would rather put my own money."

Citicorp, which traded for as little as \$8.25 a share in 1991 and \$99.625 last year, reached \$182 the day its merger with Travelers was announced, but has settled back to \$160. Travelers stock also shot up on the announcement day and cooled a bit thereafter, closing Friday at \$64.75.

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending April 17. Prices supplied by Telekurs.

Risk Name Cpi Maturity Price Crt Yld

Austrian Schilling

141 Austria 5 01/15/08 100.4000 4.9500

British Pound

139 Austria 4 04/14/04 100.8857 6.24

130 Australia 7 05/12/22 97.8707 8.2200

160 Fin Resid Hous 11 24/09/99 102.5000 7.3100

164 France 5 04/14/04 99.9125 7.0100

198 Britain 7 12/07/07 110.94 6.5500

200 Airs Valley 7 08/17/07 97.6109 8.6500

206 Britain 7 04/04/00 103.1670 4.7800

209 Airs Valley 7 05/17/07 99.8100 7.6700

216 Hypotheken 7 04/04/00 100.0000 7.1300

232 Eib FRN 7 11/19/02 99.7900 7.3900

249 Eib 6 12/07/08 101.2200 5.7300

Canadian Dollar

104 Canada 7 06/01/07 114.2318 6.3500

222 Canada 6 04/01/08 105.4049 5.8800

Danish Krone

17 Denmark 7 11/15/07 114.1500 6.1300

24 Denmark 8 09/15/06 119.3000 6.7100

33 Denmark 6 12/10/99 102.5000 5.8500

39 Denmark 7 11/15/07 114.1500 6.1300

41 Denmark 7 11/15/07 114.1500 6.1300

44 Denmark 8 05/15/03 114.3000 7.0500

51 Denmark 7 11/15/07 114.1500 6.1300

75 Denmark 6 11/15/07 114.1500 6.1300

83 Denmark 8 11/15/07 114.1500 6.1300

102 Recourse 7 12/15/07 114.1500 6.1300

103 Nyredit 6 10/01/99 95.9000 6.1900

108 Realkite 6 10/01/99 95.9000 6.2100

132 Nyredit 7 11/15/07 114.1500 6.1300

178 Denmark 7 10/01/99 101.3000 6.2900

215 Uniredit 7 10/01/99 101.3000 6.2900

216 Denmark 7 11/15/07 114.1500 6.1300

Deutsche Mark

1 Germany 5 01/04/08 102.7629 5.1100

3 Germany 6 07/04/07 102.7629 5.5400

4 Germany 5 01/04/08 102.7629 5.5500

5 Germany 8 01/21/02 112.0071 7.1400

6 Germany 6 07/04/07 114.1500 6.1300

7 Germany 4 05/17/02 100.1432 4.4900

8 Germany 4 07/04/07 114.1500 6.1300

9 Germany 7 07/04/07 114.1500 6.1300

10 Germany 5 08/22/00 103.3000 5.5400

11 Germany 12 12/17/99 100.5000 4.2400

12 Germany 7 07/04/07 114.1500 6.1300

13 Germany 5 11/12/02 101.9257 4.9100

14 Germany 8 09/26/01 111.9257 7.3700

15 Germany 4 07/04/07 114.1500 6.1300

16 Germany 4 03/17/02 101.7700 4.0100

19 Germany 0 05/12/05 112.5400 6.1100

20 Germany 4 02/28/16 109.5000 5.4400

21 Germany 4 03/29/10 104.3000 5.4500

26 Germany 0 02/28/01 110.9200 7.6600

27 Germany 9 10/26/00 110.9940 8.1100

29 Germany 4 08/19/02 106.0445 6.5100

31 Germany 7 09/09/04 115.1450 6.5100

32 Germany 4 04/26/06 109.6000 5.7000

33 Germany 6 10/14/05 116.6653 5.8700

38 Germany 4 04/26/07 109.6000 5.7000

42 Germany 6 01/05/06 107.6700 5.5700

45 Germany 4 08/26/01 111.8400 4.7100

48 Germany 4 04/26/07 114.1500 6.1300

49 Germany 4 04/23/03 108.6204 5.9800

50 Germany 5 02/21/01 102.4940 5.1200

53 Germany 4 10/26/01 101.8340 4.7800

54 Germany 7 10/01/02 110.5467 7.0100

58 Germany 5 11/21/00 102.0725 5.0200

61 Germany 4 04/26/07 114.1500 6.1300

62 Germany 6 06/11/03 110.2900 6.2300

63 Germany 3 04/18/99 97.5000 5.2000

65 Germany 6 05/13/04 117.7800 6.9300

66 Germany 7 12/02/02 110.5700 6.6100

69 Germany 4 07/09/03 109.2340 6.6000

72 Germany 7 07/20/00 106.4425 7.9800

77 Germany 4 02/22/02 100.3410 4.8900

78 Germany FRN 3 25/09/00/04 99.2950 7.9000

88 Germany 8 12/20/00 111.3267 7.9700

Dutch Guilder

28 Netherlands 7 01/15/03 122.2600 5.8600

40 Netherlands 4 01/15/01 111.70 8.0000

46 Netherlands 5 01/15/01 111.70 8.0000

71 Netherlands 5 07/15/08 102.5500 5.1300

82 Netherlands 5 09/15/02 104.7000 5.2900

83 Netherlands 4 11/15/05 112.2500 5.7500

90 Netherlands 8 03/15/01 111.4000 7.4500

92 Netherlands 5 02/15/07 106.3500 5.4100

96 Netherlands 4 04/15/10 122.2500 5.7500

109 Netherlands 5 01/15/08 101.4000 5.4200

126 Netherlands 9 05/15/00 109.2900 8.2200

127 Netherlands 6 07/15/08 106.5000 5.2200

147 Netherlands 8 02/15/01 112.2500 5.7500

148 Netherlands SP 7 01/15/02 25.7000 5.4400

149 Netherlands 6 07/15/08 106.5000 5.2200

151 Netherlands 8 10/25/12 99.2000 5.2900

152 Netherlands 8 04/15/02 113.8500 7.6200

157 Netherlands 7 02/15/03 110.3500 6.3400

161 Netherlands 7 02/15/03 110.3500 6.3400

162 Netherlands 8 09/15/07 113.2000 7.2200

177 Netherlands 2 09/15/07 124.9500 6.6100

178 Netherlands 9 11/30/00 111.8500 8.2700

182 Netherlands 6 09/15/01 113.2000 7.2200

183 Netherlands 2 09/15/07 124.9500 6.6100

184 Netherlands 7 03/01/05 117.3500 6.8000

186 Netherlands 7 10/16/00 110.9 8.1300

194 Netherlands 8 01/15/00 104.3000 5.4500

209 Netherlands 6 04/15/03 108.4500 5.9700

248 Netherlands 7 05/15/99 103.1000 5.7900

ECU

43 France 5 04/25/08 101.2000 5.1900

54 France 5 04/25/07 103.2500 5.3100

62 Italy 5 05/01/08 99.5310 5.0200

64 Portugal 5 05/01/08 99.5310 5.0200

81 France BTAN 4 07/12/02 99.6100 4.2000

Cendant Conundrum: Aren't They the Pros?

Critics Ask How Celebrated Takeover Firm
Could Have Missed Accounting 'Irregularities'

By Floyd Norris
New York Times Service

NEW YORK — When it comes to a sophisticated understanding of how to use accounting rules to look as pretty as possible, Henry Silverman ought to have few equals.

His company, formerly known as HFS Inc., was able to show a rapidly rising profit as it expanded with acquisition after acquisition, financing the deals by selling stock at ever-higher prices. Critics said the profit reports reflected clever use of accounting rules, not real operations, but the accounting withstood every challenge.

Now Mr. Silverman says he has been deceived. The last big deal for HFS, in which it merged with CUC International and changed its name to Cendant Corp., was based on financial results that Mr. Silverman says had been inflated. The man who was CUC's chief financial officer announced his resignation from Cendant, only to have the company's board respond, in effect: "You can't quit. You're fired."

Cendant's stock collapsed as momentum investors who had put great faith in Mr. Silverman all tried to get out of the stock at once.

Mr. Silverman complained that the collapse was overdone; by his estimate, the company's profit had been overstated by only 13 percent or so.

But it was not the loss of profit that was most important; it was the loss of

reputation for a man some had considered a genius.

For mere mortals seeking to invest hard-earned money for retirement, there are interesting questions here. If Henry Silverman and his team are not able to spot accounting tricks, even when they have been allowed to look at confidential information during due-diligence research for a merger, how can the rest of us be confident we are not being deceived?

There is no easy answer to that question. It is often far easier to see that a company is pushing the accounting envelope than it is to know conclusively that it is doing so in a deceptive way, let alone a fraudulent one.

Mr. Silverman says he would never have found out what was happening if employees had not come forward and disclosed it.

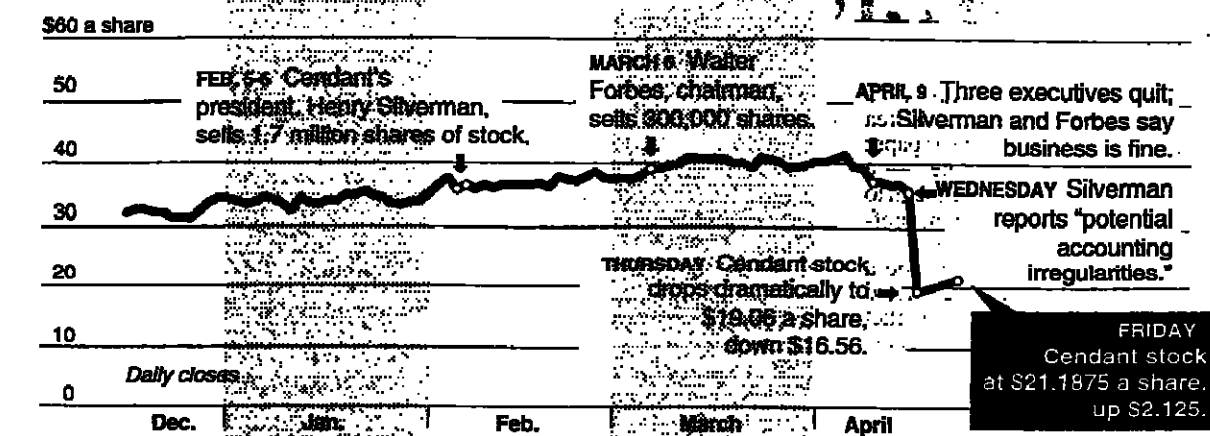
Some investors avoid companies that seem to be using accounting in creative ways. Such investors missed Cendant's collapse, but they also missed its earlier rise.

A clue can come from stock trades by managers. It is best if they are buying and holding the shares. Options positions, on the other hand, are a one-way bet. If the stock goes up, the executive can get rich. If it goes down, the executive loses nothing, because he or she has invested nothing.

Considering that he founded the company, Mr. Silverman's own stock holdings are not encouraging. He gets mil-

First the Resignations, Then the Plunge

Cendant stock fell sharply Thursday after the company said it had uncovered potential accounting irregularities that caused its 1997 profits to be overstated. The fall came a week after three senior officials had resigned suddenly.



Sources: Bloomberg Financial Markets, Washington Service

The New York Times

lions of options every year, so he can prosper as the stock rises. But he has sold every share he ever bought.

It is too early to pronounce an end to Mr. Silverman's career as an acquirer. But things will be more difficult if he cannot manage to again inflate his currency — Cendant stock — to lofty levels.

Otherwise, Cendant will have to pay more for every acquisition. A deal that would have been good with the stock price at \$40 might be out of the question at the current level of \$21.1875.

If the flow of deals slows, the fate of the stock price will depend on Mr. Silverman's ability to operate the many businesses he now controls.

If those businesses can generate rising real earnings, as bulls on the stock have confidently forecast, then the stock should do fine. If not, the plunge last week will be only the beginning.

That would no doubt distress Mr. Silverman. But it would not impoverish

him. After all, he doesn't own a single Cendant share.

Shareholders File Lawsuits

Shareholders have filed suit against Cendant, saying it should have known earlier of the "accounting irregularities" that undermined its shares. The Associated Press reported from Newark, New Jersey.

Cendant said that its audit committee and independent firms were continuing to investigate its financial problems.

Mr. Silverman said that "we expect the accounting issues to be behind us" by summer.

"Assuming our business continues to perform strongly as it has to date, we would expect our stock price to have recovered from current levels," he said.

Ten shareholder lawsuits against Cendant were filed Friday morning in federal court in Newark, and more were expected. Most named Mr. Silverman and Walter Forbes, the former chief

executive officer of CUC International. Most of the suits sought class-action status on behalf of other investors.

The lawsuits blamed Cendant for not learning of CUC's accounting problems — and notifying shareholders — at the time that CUC and HFS merged.

Elliot Bloom, a Cendant spokesman, declined to comment on the lawsuits.

The decline in Cendant's shares late last week raised doubts about the company's ability to leverage its shares into takeovers. Analysts feared, for example, that the market rout could affect Cendant's planned \$3.1 billion stock purchase of American Bankers Insurance Group as well as its planned purchase of National Parking, a British parking-lot owner.

But Mr. Silverman said the American Bankers deal was still on and that executives of American Bankers had issued a news release with Cendant saying "our support is unaffected" by Cendant's recent troubles.

Jakarta Nears Deadline for Carrying Out IMF Economic Reforms

Reuters

JAKARTA — Indonesia faces an acid test this week of its commitment to economic reforms agreed on with the International Monetary Fund.

Financial markets, wary after government backsliding on two previous deals with the IMF, are nervously awaiting Wednesday — the deadline for Indonesia to show commitment to a significant chunk of a 117-point reform package.

"That is the day when a lot of IMF conditions are to be implemented," said Vincent Low of Merrill Lynch & Co. in Singapore.

The Indonesian government announced the package April 10, aiming to end its worst economic crisis in three decades, and set target dates for implementation of all key points.

Analysts said the targets must be met if the beleaguered rupiah is to make a comeback. Interest rates must also be handled properly to make the currency more attractive, they said.

"I still believe interest rates remain the key instrument in the whole process," Mr. Low said. "But it must happen in conjunction with commitment to reform. These are the two legs that are necessary for the recovery of the Indonesian economy and the financial sector to continue."

Mr. Low said that it was difficult to predict the right timing for a rate increase but that it would help bolster the rupiah whenever it took place.

The rupiah slipped last week, with the dollar rising to 8,200 rupiah from 7,500 at the beginning of the week. In July, when the currency crisis began, the dollar only bought 2,400 rupiah.

"Right now there is a potential for the rupiah to rally if people see sign of implementation taking place," Mr. Low said, adding that the market wanted action rather than words.

The latest agreement is Jakarta's third with the IMF in the six months since the Fund pledged to orchestrate a \$43 billion bailout for Indonesia.

Analysts said the Indonesian economy can only function with a realistic dollar-rupiah exchange rate because at current levels many corporations are technically bankrupt.

The rupiah also needs to strengthen further before the process to restructure Indonesia's mountain of private corporate debt can proceed, Mr. Low said.

Analysts said the debt issue was being closely watched by financial markets. The IMF explicitly said the government must make credible progress toward an agreement, Jakarta said that a two-day meeting in New York last week between Indonesia and foreign lenders had made progress, but the analysts said traders were waiting for details.

Payment of the second \$3 billion tranche of IMF loans to Indonesia, originally scheduled for March, was put on hold after the country was seen to be dithering in implementation of the previous agreement, signed in January.

Under the new deal, Indonesia has committed to implement the package of measures by Wednesday.

Analysts said some requirements have already been met, including a change in the minimum capital requirement for banks and lifting of restrictions on foreign investment in wholesale trade.

The IMF said Wednesday that it had been assured that an Indonesian ban on the export of palm oil would be scrapped by the deadline.

Markets were thrown into confusion Tuesday after a newspaper quoted the trade and industry minister, Mohamad (Bob) Hasan, as saying the measure might remain in place. Mr. Hasan later recanted and said that he had signed a decree scrapping the ban.

The central bank announced Friday that it planned to publish key monetary data on a weekly basis starting this week.

British Airways Seeks to Fill 7,000 Jobs

Compiled by Our Staff From Dispatches

LONDON — British Airways PLC said Sunday it would hold a job fair in London next week to kick off a recruiting drive to fill 7,000 jobs this year.

"We are currently going through our biggest-ever recruitment drive," the personnel manager at British Airways, Tina Oakley, said.

The airline said it would lease the Olympia exhibition hall here Friday and Saturday and expected more than 10,000 visitors a day. It said most of the positions would be based in Britain.

The move is part of the airline's plan to hire around 9,000 air and ground staff by the turn of the century, having taken on 6,000 people in the financial year just ended. The recruiting drive is part of an

effort to increase capacity and improve passenger services.

British Airways has been campaigning hard to promote a less British and more cosmopolitan image.

"To reflect the changing mix of passengers flying British Airways, particular emphasis will be made on recruiting from more diverse communities," the airline said. "The importance of language skills will also be highlighted."

Still, British Airways is cutting at least 5,000 jobs under Chief Executive Robert Ayling's streamlining program to help make room for the 15,000 new recruits. The company said it expected its global work force to increase by a net 10,000 people, to about 65,000, by April 2000. British Airways also has been con-

centrating on cutting costs as the strong pound cuts into profit margins. In February, the airline said pretax profit for the fourth quarter of 1997 fell 29 percent, to £80 million (\$134.8 million). BA said the strong currency had cut profit by £42 million in that quarter.

The airline is still hoping to get European Union approval for a proposed alliance with the American Airlines unit of AMR Corp.

An EU official said this month that the two airlines were near an agreement with regulators on surrendering takeoff and landing slots in London to win approval for the deal.

The European Commission is expected to make a decision in May. (Reuters, AFP)

Positions Harden in Australian Dock Dispute

Compiled by Our Staff From Dispatches

CANBERRA — The protagonists in Australia's dock dispute said Sunday that no quick solution was apparent in what could be the country's biggest labor unrest in a decade, which is delaying shipping and trade.

The Maritime Union of Australia said its pickets were blocking access to terminals operated by Patrick Stevedores and said there was no sign of the company, the government or the union buckling in the three-month-old dispute.

"I have got 2,000 reasons not to back down, and that's the jobs of the members," said John Coombs, national secretary of the union. "It's absolutely clear that nothing short of the destruction of the union will satisfy Patrick and the government. They can't afford to back down."

The dispute intensified this month when Patrick, one of Australia's two main terminal operators, sacked its unionized work force, which consisted of 1,500 full-time and 600 part-time workers. Police have had violent clashes with pickets, who say the dispute is part of a government attempt to curtail union power.

The company, supported by the government and helped by laws in force since last year that reduce the unions' powers and limit arbitration by Australia's labor tribunal, has replaced union workers with private contractors. Some of the new employees are already working on docks run by Patrick, a subsidiary of Lang Corp.

Industry leaders said the labor dispute was likely to put manufacturing workers out of their jobs within days.

About 10,000 incoming containers are stranded on Patrick wharves, the company is running out of cargo to load on to arriving ships, and

an industry official said some ships were leaving empty.

The dispute has not completely closed down Australia's ports. The larger dock company specializing in general cargo, P&O Ports, is still operating, and Australia's huge trade in bulk commod-

ities, such as coal and iron ore, is largely unaffected.

But the fight has fired a national debate and brought thousands of Australians into the streets to join protests and the blockades in support of the fired dockworkers. (Reuters, Bloomberg)

SGS-THOMSON MICROELECTRONICS CONVOCATION

Shareholders are invited to attend the Annual General Meeting of SGS-THOMSON Microelectronics N.V. to be held on May 18, 1998 at 10.00 a.m., Netherlands time at Hotel de l'Europe, Nieuwe Doelenstraat 2-8, 1012 CP Amsterdam, the Netherlands, to discuss the following agenda:

- Report of the Managing Board and of the Supervisory Board and approval of the 1997 financial statements;
- Nomination of the new members of the Supervisory Board;
- Attendance fees of the Supervisory Board members;
- Amendment of the articles of association, in particular change of the name of the company to STMicroelectronics N.V.
- Authorisation granted to the Supervisory Board to issue shares for a period of five years.

In order to exercise their voting right, holders of bearer shares (within the SICOVAM) are required to submit proofs of ownership of their shares with a form filled by their bank (or broker or other intermediaries) up to May 18, 1998 and to address their instructions for voting to the SICOVAM up to May 7, 1998.

Shareholders willing to attend the annual meeting themselves should from now on ask to their bank (or broker or other intermediaries) to carry out necessary steps so that they will be registered within the company on May 13, 1998. In any case, they will have to confirm their attendance to the meeting by mail before May 13, 1998 at 5.00 p.m. by:

Netherlands Management Company B.V.
P.O. Box 727 - 1000 AS Amsterdam - The Netherlands
(Attention Hans Meijers, fax n° (3120) 420 61 90)

The documentation related to this meeting is available free of charge:

- at the head office of the Company, World Trade Center, Strawinskylaan 1725 TA 17E, 1077 XX Amsterdam, The Netherlands
- at the office of Crédit Agricole Indosuez, 92920 Paris La Défense Cedex (Tél.: 331 41 89 71 44).

Invest with the Winners			
Amsterdam Stock Exchange Index			
1997: +5.5% increase and still rising			
6680	1680AMT	1220	5718
6685	1680AMT	1220	5718
6690	1680AMT	1220	5718
6695	1680AMT	1220	5718
6700	1680AMT	1220	5718
6705	1680AMT	1220	5718
6710	1680AMT	1220	5718
6715	1680AMT	1220	5718
6720	1680AMT	1220	5718
6725	1680AMT	1220	5718
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6735	1680AMT	1220	5718
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6745	1680AMT	1220	5718
6750	1680AMT	1220	5718
6755	1680AMT	1220	5718
6760	1680AMT	1220	5718
6765	1680AMT	1220	5718
6770	1680AMT	1220	5718
6775	1680AMT	1220	5718
6780	1680AMT	1220	5718

Stocks	Div	Yld	100s	High	Low	Close	Chg
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日期	星期	晴雨	温度	湿度	风向	风速	气压	云量	能见度	其他
1951.10.1	星期一	晴	15~22	65~85	SE	3~5	1013.5	10	10	
1951.10.2	星期二	晴	16~23	65~85	SE	3~5	1013.5	10	10	
1951.10.3	星期三	晴	16~23	65~85	SE	3~5	1013.5	10	10	
1951.10.4	星期四	晴	16~23	65~85	SE	3~5	1013.5	10	10	
1951.10.5	星期五	晴	16~23	65~85	SE	3~5	1013.5	10	10	
1951.10.6	星期六	晴	16~23	65~85	SE	3~5	1013.5	10	10	
1951.10.7	星期日	晴	16~23	65~85	SE	3~5	1013.5	10	10	
1951.10.8	星期一	晴	16~23	65~85	SE	3~5	1013.5	10	10	
1951.10.9	星期二	晴	16~23	65~85	SE	3~5	1013.5	10	10	
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1951.10.14	星期日	晴	16~23	65~85	SE	3~5	1013.5	10	10	
1951.10.15	星期一	晴	16~23	65~85	SE	3~5	1013.5	10	10	
1951.10.16	星期二	晴	16~23	65~85	SE	3~5	1013.5	10	10	
1951.10.17	星期三	晴	16~23	65~85	SE	3~5	1013.5	10	10	
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1951.10.22	星期一	晴	16~23	65~85	SE	3~5	1013.5	10	10	
1951.10.23	星期二	晴	16~23	65~85	SE	3~5	1013.5	10	10	
1951.10.24	星期三	晴	16~23	65~85	SE	3~5	1013.5	10	10	
1951.10.25	星期四	晴	16~23	65~85	SE	3~5	1013.5	10	10	
1951.10.26	星期五	晴	16~23	65~85	SE	3~5	1013.5	10	10	
1951.10.27	星期六	晴	16~23	65~85	SE	3~5	1013.5	10	10	
1951.10.28	星期日	晴	16~23	65~85	SE	3~5	1013.5	10	10	
1951.10.29	星期一	晴	16~23	65~85	SE	3~5	1013.5	10	10	
1951.10.30	星期二	晴	16~23	65~85	SE	3~5	1013.5	10	10	
1951.10.31	星期三	晴	16~23	65~85	SE	3~5	1013.5	10	10	

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Banks Get Big

FILE: Minimum Worker

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Megabank Musical Chairs: How a Few Will Soon Dominate World Finance

By Steven Pearlstein
and Peter Pae
Washington Post Service

WASHINGTON — The way things have been going, some day soon you'll wake up to news of the first trillion-dollar bank — with assets equal to those of Citicorp, Travelers, NationsBank and Bank of America combined.

The headquarters of this financial colossus will probably be in the United States, and its top executive may be an American. But this will truly be a global business — with customers and operations on every continent.

It will process billions of transactions every day, although few will involve cash or paper or even direct contact with a human being. Its most closely guarded treasures won't be in the bank vault but in its computer room and telephone switches.

In fact, it won't really be a bank at all, if by that you mean an institution that takes deposits in and then lends the money out in the form of home mortgages, credit-card debt and business loans.

It will invest depositors' money almost immediately in the stock market, or its own brand of mutual fund, or a retirement annuity issued by its insurance subsidiary, and most of its loans will

be hedged through options and swaps, bundled with other loans and sold off to money-market funds or corporate pension accounts.

But here is the most remarkable thing: This financial colossus will earn a bigger profit than old-fashioned banks, with lower risk, while offering customers a wider range of services at a lower cost.

Incredible? Not really. Logic and economics have always pointed toward business consolidation — why should there be seven auto companies and seven oil companies and 10,000 banks? As banks' share of America's financial assets steadily eroded over the past decade in the face of competition from money markets and mutual funds, many came to view consolidation as a matter of survival.

Bit by bit, the megabankers pushed holes in the government's web of Depression-era regulations, from the introduction of the interest-bearing checking account to the advent of interstate branching. Now new technology — combined with a savings push by aging baby boomers — has turned consolidation from a survival strategy into what many see as a golden opportunity.

The chaotic transformation of banking can be read in the business headlines: Over the past decade, 10 percent of banking assets have

changed hands every year, while fully half of Wall Street's venerable investment houses have been gobbled up.

In recent weeks, the pace has quickened even more, with dealmakers proposing such bold combinations as Citicorp and Travelers, NationsBank and Bank of America, Banc One and First Chicago, Household Finance and Beneficial, and Green Tree and Conseco.

Most of those merger partners were already the product of earlier combinations, and few analysts doubt that the financial hurricane will continue. The inside betting is that U.S. banking giants such as Chase Manhattan and First Union will be swept up next. New superbanks may also be built around the Fidelity and Vanguard families of mutual funds, General Electric Capital Corp., and the giant brokerage firms of Merrill Lynch & Co. and Morgan Stanley Dean Witter.

In the end, analysts say, five to 10 of these trillion-dollar giants will dominate the global financial-services industry. But there will be room for lots of smaller players, too.

In this emerging financial world, for example, there will be many sizable companies — some banks, others not — that thrive by mastering one function — servicing mortgages, say, or processing credit-card transactions or managing in-

dex funds. These specialists will make their money selling services wholesale to the superbanks. Other players will offer a relatively broad range of services to a specialized segment of customers.

There will still be a traditional community bank or two in every neighborhood, as well, for those who require a limited range of financial services and are willing to pay a bit more for personal contact.

Lowell Bryant, who heads the banking consulting practice at McKinsey & Co., says this process of consolidation is now entering its final phase in the United States.

Earlier combinations, he said, involved strong players buying up weak players in particular segments of the business. These mergers produced efficiencies of scale — by eliminating overlapping branches and spreading fixed costs — over a much larger base of business.

As a result, McKinsey calculates that since 1980, bank operating expenses have declined and overall productivity in the industry has risen at an annual rate of 4 percent — three times the average for the rest of the economy.

The benefits of this wave of consolidation, at least for the banks, are now apparent. Bank profits are now as high as they have ever been in

the modern era — even as banks have removed \$1.5 billion in assets from their balance sheet by selling off their mortgage and credit-card loans to Wall Street investors. Because of geographic expansion, banks also are less susceptible to the dangers of regional recessions.

Customers, too, have benefited from a wide array of new products and the convenience of 24-hour banking through the world's most extensive network of automated teller machines. Although many complain of rising fees for some services, government data show that these have been more than offset by the benefits of the higher interest rates banks are paying on deposits and the lower rates they are charging on loans.

But the latest mergers, Mr. Bryant said, are different in character — driven less by a desire to cut costs than to increase revenue and market share. Toward this end, the strong players are now joining with other strong players, creating combinations that put many of the best specialists together under the same roof.

It is these new all-star teams, Mr. Bryant said, that are likely to develop the next generation of technology, allowing them to reduce operating costs by a further 40 percent while moving aggressively into global markets without having to build lots of offices and branches.

As Banks Get Big, Customers Feel Service Getting Small

By Caroline E. Mayer
Washington Post Service

WASHINGTON — As merger mania seizes the banking industry, many consumers are feeling bounced.

William Parker of Fairfax, Virginia, said he "felt like an orphan" when First Union Corp. took over Signet Bank last month. He could not get his new automated teller-machine card to work; not even the customer-service representatives at his neighborhood branch could help.

"They'd just sit you down at the telephone and have you call an accounts person" hundreds of miles away, he said.

The ties that have long bound customers to their local banks have become strained by the wave of mergers that has left bigger banks, branch closings and frequent name changes in its wake.

Two recent surveys indicated that many customers thought mergers led to less personal service, higher fees and, in the case of small businesses, less credit.

One survey of small-business owners showed that mergers had prompted 25 percent to switch banks in the past five years. The survey, by PSI Global, a market-research firm for large financial institutions, also found that 32 percent said they would look for a new bank if their current bank were taken over.

A recent Gallup poll indicated that 23 percent of bank customers typically left for another bank in the wake of a bank merger, citing poor or impersonal service, too many fees and better rates elsewhere.

Studies by the Federal Reserve Board lend credence to some of these complaints.

According to one report, smaller banks appear more willing to extend credit to smaller businesses.

"As banks get larger, the proportion of assets devoted to small-business lending declines," the study said. While small banks lend 9 percent of their total assets to small businesses, it said, large banks lend less than 2 percent.

The Fed also has found that the larger the bank, the higher the fees — and the higher the minimum-balance requirement for consumers to avoid fees.

At the same time, large banks tend to offer lower interest rates on checking accounts. A survey by Bank Rate Monitor, a financial-research firm, shows that large banks pay an average return of 1.1 percent on interest-bearing checking accounts, while small banks pay an average of 1.58 percent.

"Generally, smaller banks offer consumers a better deal," said Bill Anderson, president of Bank Rate Monitor. "Intuitively, you'd say that's because they're trying to grow the bank and be more competitive."

He added: "I think we need more competition — we need more institutions competing nationwide to drive the prices down."

But it is more than fees and interest rates that has left some customers lost in the forest of big banks; it is how impersonal one of the most personal of transactions — where to put your money — has become. Gone are the days when tellers knew each customer's name; gone are the lollipops that used to be offered to children.

For Dan Gomez, losing that personal touch during a merger affected his business.

"Doing business with a large bank can sometimes be a nightmare," said Mr. Gomez, executive vice president of Mastercraft Interiors Ltd., a six-store chain.

Twice, mergers have caused Mr. Gomez to switch banks. The last time, he said, the bank "told us they wanted us out of their bank."

He added: "The new executives felt the retail industry was out of fashion for loans. We had a substantial line of credit and were financially in a stronger position than when we had taken out the loan two years earlier."

But because they were hundreds of miles away, bank officials "were not tied into the local community and weren't worried" about the effect, Mr. Gomez said.

The number of banks and financial institutions in the United States has been declining steadily for at least 20 years, from 18,618 in 1975 to 12,169 in 1995.

Banking officials say that number now has dropped even lower — to fewer than 10,000 — and will continue to fall.

Two weeks ago, Citicorp and Travelers Group announced a \$70 billion merger. Last week, NationsBank

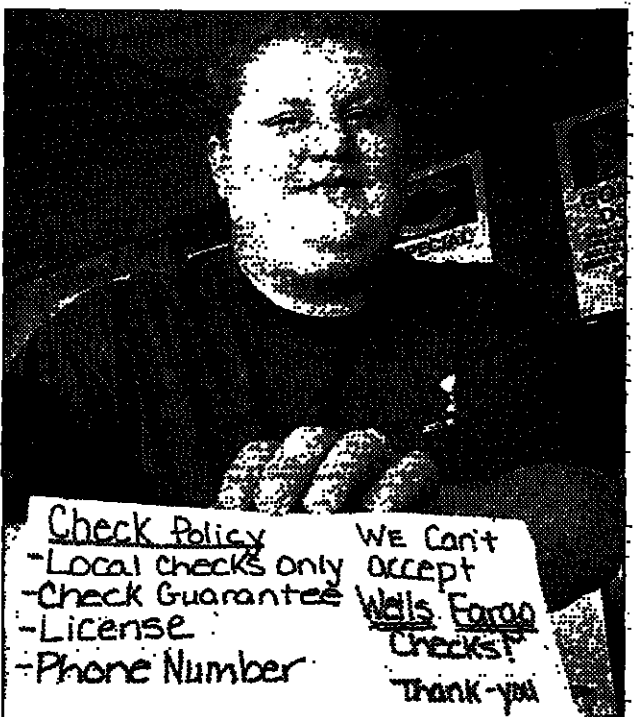
Corp. and BankAmerica Corp. said they would form America's first nationwide bank in a \$60 billion deal; at the same time, Banc One Corp. and First Chicago NBD Corp. said they would form the fifth-biggest U.S. bank in a \$28.9 billion pact.

For many consumers, "the large national banks will offer convenience," said Eric Withrow, an analyst with SNL Securities. "There will be ATMs on every corner, branches through the town, and consumers can travel in any state and be able to bank there because the big national banks will have a branch there."

As banks get larger and diversify, some analysts say they may become more consumer-minded.

"I predict banks will be more like nonbanks — and make their hours longer and more convenient," said Robert Litan, director of economic studies at the Brookings Institution. "There's no law that says bank offices have to close at 3 P.M."

Still, of all industries, banks "come out at the low end of the loyalty spectrum," said Fred Reichheld, author of the book "The Loyalty Effect." Customer service "has



Steve Boccardo in Tucson, Arizona, showing the results of a big bank merger two years ago in that region.

not been bankers' strong suit over the years," he said as banks are more "number-oriented" than people-oriented. As a result, small banks and credit unions are rushing to fill the customer-service void being created by the big bank mergers. Since 1995, more

than 300 banks have been created, said Paul Schosberg, president of America's Community Bankers. "Community bankers see these mergers as opportunities, not threats," Mr. Schosberg said. "We're prepared to capitalize on the people factor."

BATTLE: Aluminum Workers Strike Gold in Fight for Profit Share

Continued from Page 15

share of all future profits, if any. In a one-and-a-half-page letter to Mr. Duker — a document that would become pivotal evidence more than a decade later in Ms. Gilmore's lawsuit — ARCO spelled out that condition, saying employees "will have a claim against at least 50 percent of the profits earned in each year."

Far from objecting, court records show, Mr. Duker embraced the idea, originally suggesting that employees should receive 90 percent, not just half.

As soon as Mr. Duker and Mr. Broussard took over, they started a drive to cut operating costs, wielding the threat of closing the plant as leverage with politicians and government agencies. With the entire town behind them, they won huge cuts in the plant's electricity rates and property taxes.

A linchpin of the cost-cutting plan, though, was persuading the hundreds of workers to take a 15 percent pay cut in return for a 50 percent share of any future profits. With the specter of a shutdown looming, the workers consented.

"There was a lot of trust," said Mr. Smith, the aluminum workers' president. The cost-cutting paid off handsomely. In the year ended July 1986, the first full year under Mr. Duker's management, Columbia Falls Aluminum earned a profit. According to court documents, the new owners honored their profit-sharing agreement to the letter in the first year, taking \$1.3 million for themselves and distributing \$1.3 million to workers.

The next year, they also divided the profits almost 50-50 — but with a twist that bothered Revo Somersville, the company's chief financial officer.

In 1986, the two partners in the closely held company had borrowed their projected share of the profits from Columbia Falls Aluminum's coffers and paid it back with interest. In 1987, they borrowed \$6.5 million for the same reason, and again they repaid the money — but this time, without interest.

Mr. Somersville would soon have even greater reservations about the owners' financial dealings. With costs plummeting and the price of aluminum soaring, the smelter's profits kept surging.

Mr. Shipow, Mr. Duker's lawyer, said, "The company denies it did anything wrong or intimidated anyone."

Then why settle for almost \$100 million? "There's no such thing as a slam dunk," Mr. Shipow said. "Instead of trying the case, moving on to make a lot more money for everyone seemed to be the way to go."

STRAUSS-KAHN: French Finance Chief on Vision and Luck

Continued from Page 15

levels, consumers soon began spending and dissipating economic gloom.

Now, with the International Monetary Fund predicting that France will have one of the highest growth rates in Europe next year, at 3 percent, Mr. Strauss-Kahn predicted that the French deficit would continue to go down next year, to 2.3 percent of gross domestic product. "My objective after the year 2000 is to go below 2 percent," he said.

By January 2002, the euro will start replacing the franc, the German mark and other currencies that now jingle in people's pockets, and Mr. Strauss-Kahn does not underestimate the difficulty of getting used to the change.

"My bank, like others, sends me statements with a balance in euros," he said recently. With an exchange rate of one euro to almost seven francs, that euro balance always seems shockingly low. Every time I see this figure, I have

a moment of panic, and I suspect everybody will have the same problem."

But he said he was confident that people would get used to it during a three-year period when prices will be posted in both francs and euros, before the franc disappears in 2002.

Paradoxically, Mr. Strauss-Kahn says that no longer having to adjust monetary policy to keep the franc tied closely to the German mark after both are replaced by the euro means that France will actually regain the monetary sovereignty it had lost in recent years to the German central bank.

"In effect, we have the euro already," he said, pointing to his Reuters monitor. "Since I've been in this office, the exchange rate between the franc and the mark has hardly varied by a centime. By sharing sovereignty in the euro with the Germans and others, France will regain sovereignty over the markets."

Mr. Strauss-Kahn speaks fluent German, a skill that he believes has been a

factor in the warm relationship he now has with his German counterpart, Finance Minister Theo Waigel, who also shares with him a love of opera.

Fluent also in English and Spanish, Mr. Strauss-Kahn, who turns 49 this week, has been a frequent visitor to the United States, partly because one of his four children from a previous marriage studies and teaches at New York University.

His admiration for America is tempered with an appreciation of the social solidarity that makes Europe so different, observed close up from 1993 to 1997 while he was mayor of Sarcelles, a Paris suburb with many poor North African immigrants.

Europe's biggest problem at the moment, he says, is its inability to innovate and to create jobs. "Europeans are no longer in the habit of taking risks," Mr. Strauss-Kahn told a group of entrepreneurs in Brussels recently. "Innovation is risky by nature."

CROSSWORD

ACROSS

- 1 Bird in a cornfield
- 5 Critics in letters
- 8 High-born
- 14 "Star Wars" princess
- 15 Leave out
- 16 N.B.A.'s Shaquille
- 17 Wiggling
- 18 Utility in Monopoly
- 20 Get even for
- 21 Tiger Beat reader
- 22 Teddy product
- 24 Gave new hands
- 25 A vector pulls it
- 26 Tennis's Monica
- 28 Rise and shine

DOWN

- 2 Grouch's look
- 3 Italian bread
- 4 "Yippee!"
- 6 Pilot's command
- 7 Nincompoop
- 9 ... and the wain shall meet
- 10 Describer
- 11 East pearls before
- 12 BBQ'er's need
- 13 Home planet
- 14 Broad valley
- 15 Big-billed bird
- 16 Reverse of NNW
- 17 TV's Letterman
- 18 Vichyssoise ingredient

ACROSS

- 19 Fictional candy
- 20 Figur factory
- 21 Michael Jackson
- 22 boost, in a 1987 hit
- 23 Ukraine's capital
- 24 Smell — (be wary)
- 25 Dolphins' home
- 26 Barely beat, with out
- 27 Barely beat, with out

DOWN

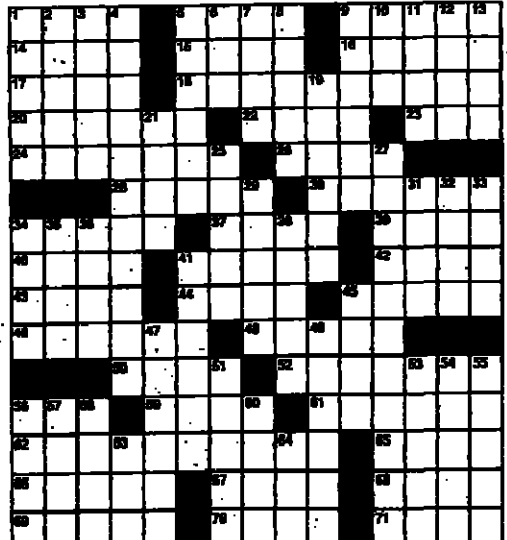
- 1 Exonerate
- 2 Christopher of "Superman"
- 3 Like smooth-running machines
- 4 1982 movie top (Not)
- 5 Joint Chiefs chairman during Desert Storm
- 6 Across Truman
- 7 Big East team
- 8 Exorbant
- 9 "Calm down!"
- 10 Lennon's widow
- 11 Former Miss America host
- 12 Place for a cabin

DOWN

- 13 "Born Free" lioness
- 14 Do tell
- 15 Scotsman
- 16 Electrical unit named for an inventor
- 17 "Leaves of Grass" poet
- 18 1953 western
- 19 New Zealand bird
- 20 Ireland
- 21 "Tiny" Archibald
- 22 Balled
- 23 One-named singer/actress
- 24 "You're the Care For" (1930 hit)
- 25 Ready to draw
- 26 Like some underground studies
- 27 Normandy battle site
- 28 Celebrated bride of 1981
- 29 Lay down fresh
- 30 Bring to mind
- 31 Capital near Alexandria
- 32 Rapid McNally book
- 33 Nick of "North Dallas Forty"
- 34 Slidestroke, e.g.
- 35 California's Valley

ACROSS

- 36 Napoleon's home, briefly
- 37 Oldsmobile city
- 38 On the — (teasing)
- 39 Beer party staple



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CATCH SWISSAIR'S EARLY BIRD FROM HEATHROW. BE IN ZURICH BY 9 AM.

ne of those cool, million-mile passengers, we thought. Doesn't he play with... Or no, isn't he the guy with the clarinet who always... But then he asked for a beer and we found out that he just finished college and was about to start his first job.

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THE WORLD OF CHOPARD

Quality and creativity are the hallmarks of Chopard, the internationally known luxury watch and jewellery firm founded by Louis-Ulysse Chopard in 1860.

Today Chopard continues to produce high precision watches and precious jewellery through a skillful mix of innovative design, high technology and traditional craftsmanship.

A MEETING OF THE MINDS

By the 1960s Paul-André Chopard, the last watchmaker of the Chopard name, had to face the inevitable: none of his sons wanted to continue the family tradition. At the same time Chopard was pondering what to do, Karl Scheufele, the third in line of a dynasty of goldsmiths and watchmakers in the Pforsheim region of the Black Forest, was looking for a business to buy. It didn't take the two grandsons of the founders of the two companies long to realise that each had what the other was looking for. In 1963, almost 100 years after Louis-Ulysse had founded Chopard, Paul-André sold the firm to Karl Scheufele. While the young Scheufele applied himself to modernising the business and laying the groundwork for the luxury firm it would become, Paul-André stayed on in the firm until his death in 1968.

FAMILY BUSINESS

Today, Chopard remains very much a family affair with Karl Scheufele and wife Karin at the helm and their two children, Karl-Friedrich and Caroline as vice-presidents. Caroline, 37, is responsible for Haute Joaillerie, design, creation and the company's incursions into the world of perfume and elegant accessories. A trained goldsmith, her older brother Karl-Friedrich, 40, runs the men's watch division as well as the technological and business side of the firm. The family holds regular board meetings to discuss everything from overall strategy to new designs and products. Discussions and brainstorming are encouraged, but even then there are occasional surprises - like the batch of pink diamonds Caroline Gruosi-Scheufele arrived at a meeting with one day. "At the time," she recalls, "I had just jumped on the opportunity to buy a bunch of these rare gems without having any idea of how I was going to use them in our jewellery. But when the invoice arrived in my father's office, I had a lot of explaining to do." The ensuing "La Vie en Rose" collection fashioned from these rare pink diamonds has become one of the company's most successful and unusual jewellery lines.

When not in Geneva, family members travel constantly to represent the firm which has boutiques in 22 cities from New York to Kuala Lumpur, Osaka to Singapore. While the Scheufele family keeps an eye on the Chopard boutiques around the world, a cast of hundreds of designers, goldsmiths, polishers, lathe operators, toolmakers, casters and engravers is busily crafting jewellery at the factory in Pforsheim, Germany and watches at the modern complex in Meyrin, five minutes from the Geneva airport. Two years ago a "manufacture" for the production of a new automatic movement, was set up in Fleurier, 40 kilometres from Geneva. "We have a very good, close contact with our staff," says Karl-Friedrich. "We're not closed behind a door with a watchdog in front."

SELF-SUFFICIENCY

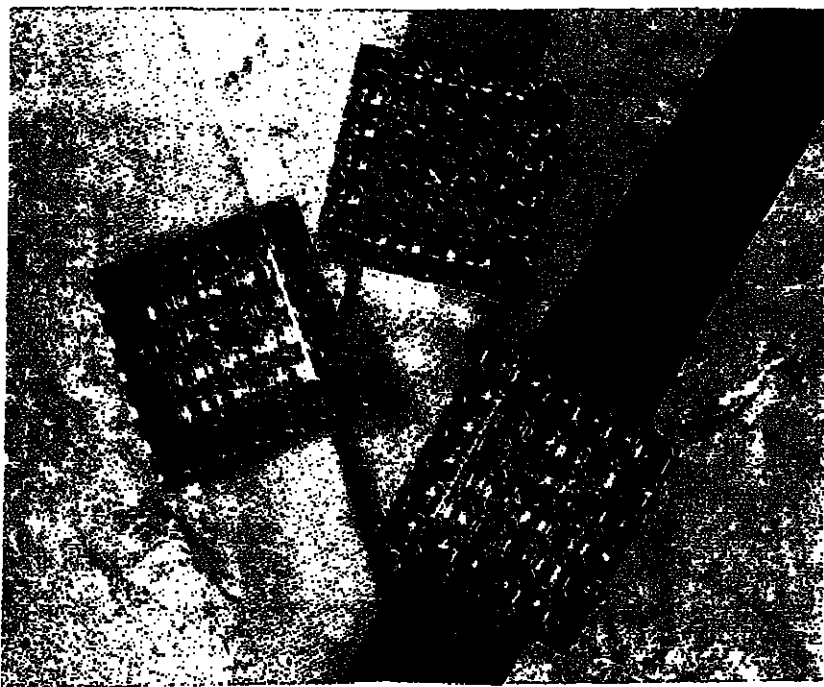
Self-sufficiency is a respected value in this family company. "We make almost everything ourselves, from the gold armbands and the cases to the watch faces," says Karl Scheufele Senior, conceding that costs may be high but "ideas can be transformed into reality almost immediately." Karl-Friedrich adds: "This is also important because it gives us a high degree of flexibility and discretion." Each year, for example, Chopard receives from 400 to 600 orders for unique pieces. The most expensive to date is the Chopardissimo, the world's most expensive jewellery watch, which was presented at the Basel Jewellery Fair in the Spring of 1997. Over 2000 hours of work went into this 25 million dollar masterpiece which is comprised of three heart-cut diamonds - a 15Kt pink diamond, a 12 Kt blue one and an 11 Kt white one. "A valuable piece like the Chopardissimo is like a Van Gogh - it can't be repeated," states Caroline Gruosi-Scheufele.

Individual orders can, of course, cost astronomical sums of money but one doesn't necessarily have to break the bank to find affordable items at Chopard: small pieces of jewellery, as well as watches in the "Happy Sport" and "Mille Miglia" line, are available in a range of prices from Sfr. 1,500 to 3,500. "We tend to try to have a variety of prices in order to attract young customers so they can get to know Chopard," says Caroline Gruosi-Scheufele. Whether in the affordable price range or the luxury one, Chopard purposely favours high quality over mass production. "The reason we limit ourselves to 35,000 watches and about the same amount of pieces of jewellery a year is that our customers are interested in our products because they are exclusive - and exclusivity is given by rarity," says Karl-Friedrich.

DRIVING DESIRES

In 1976 Chopard designer Ronald Kurowski came up with a brilliant idea and an enormous technical challenge. In his "Happy Diamonds" concept, small diamonds freely float inside the watchface. This creation was such a success that it won the 1976 Golden Rose of Baden-Baden, one of the most prestigious watch design awards in the world. Since then, happy diamonds continue to float joyously inside the teddy bears, elephants, and clowns of the "Happy Diamonds" collection which since has been followed by a "Happy Sport" collection. Other watches in the sport line go by the exclusive names of "St. Moritz", "Gstaad" and "Mille Miglia". In contrast, the "Imperial" collection offers sophisticated watches set with precious gems. Inspired by her many trips to the Far East, the "Casmir" collection, created by Caroline Gruosi-Scheufele, features the famous teardrop motif, a unique association of swirling arabesques or floral patterns.

The Haute Joaillerie watch and jewellery line is inspired by the Fifties style. Watches are ornamented with gold and diamonds or precious stones. In the "Ice Cube" watch collection designed by Fawaz Gruosi, Caroline's husband, and signed by de Grisogono for Chopard, the square case is set with 76 square-cut diamonds and even the caseback is gem-set.



Ice Cube Collection

In addition, the company has brought out accessories in the form of eyewear, four fragrances of exclusive perfumes, silk scarves and sophisticated tableware. All these items can be found in Chopard's exclusive boutiques and corners around the world. A new boutique has just opened in Munich and two others will soon open in Florence and Marbella. Most of the boutiques are like private homes, complete with wood panelling, and 19th century mirrors atop authentic fireplaces. The company also has 25 corners around the globe, either within jewellery shops or at exclusive department stores such as Harrod's. The business continues to grow by leaps and bounds with subsidiaries in France, Austria, Italy, Spain and the United States, along with offices in Moscow and Singapore and distribution in more than 50 countries.



Happy Hearts rings and Happy Sport watch

BASEL 1998

The new "St. Moritz" watch, the latest in the "St. Moritz" collection which was launched in 1980, will be presented at the Basel Jewellery Fair from April 22-29. Completely redesigned, the steel watch has eight screws on the bezel, hour markers and Roman numerals. Dials are in blue, white or copper to enhance the polished or fine-brushed steel. The new St. Moritz exists in two versions both with self-winding movement and 43-hour power-reserve, of which one is a chronograph.

Also to be presented at Basel: the new self-winding 1998 edition of the Chopard "Mille Miglia" chronograph in black and steel colours. Its main feature is its "rubber tire" strap with the famous Dunlop racing tire design of the sixties. Specially created to celebrate the tenth year of Chopard's sponsorship of the Mille Miglia race, the watch will be presented to each competitor with the corresponding starting number engraved on the case back.

THE FUTURE

Louis-Ulysse Chopard would be pleased to see that the little business which started in a mountain workshop continues its concern with quality, craftsmanship, and closeness to customers. "One of our goals is to always improve the quality of our products and of the service in our existing boutique network," says Karl-Friedrich Scheufele.

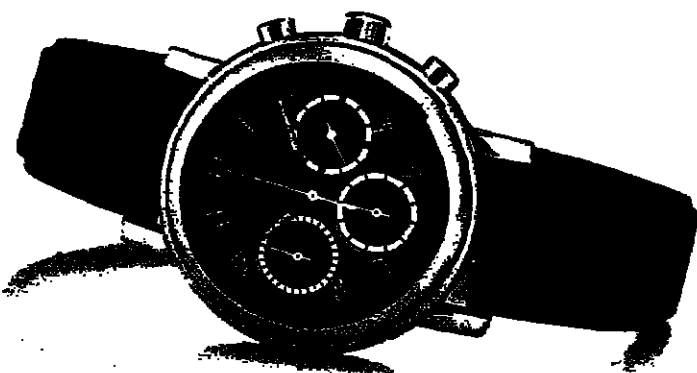
Even as the company makes plans to extend its network of boutiques and expand operations to South America, it proceeds with the caution and attention to detail that has always characterised a family business respecting tradition, while continually moving ahead. No small wonder then that when Karl-Friedrich Scheufele says that the company plans to increase production in the future, he prudently adds "within reasonable limits."

MILLE MIGLIA - THINGS OF BEAUTY

This year's Mille Miglia will mark the tenth year that Chopard has sponsored the legendary car race. Held every year from 1927 to 1957 and revived in 1977, the race takes place over a magnificent 1000-mile stretch of road running from Brescia to Rome.

Car enthusiast Karl-Friedrich Scheufele says he has never missed a race since the Chopard sponsorship began ten years ago. This year, with teammate Jacky Ickx, he'll once again be at the wheel of the late James Dean's favorite car, the 1955 A Spyder Porsche 550 lent by the Stuttgart Porsche museum. For the Chopard vice-president, the connection between luxury watches and beautiful sports cars is obvious. "It's been said that lovers of beautiful cars also have a great weakness for beautiful timepieces and vice versa. In both cases, sporting elegance and high performance play a special part," he says. The sponsoring of the race gave birth to the "Mille Miglia" Collection, a line of sports watches including sports chronographs available with either quartz or automatic movement.

JOSÉ CARRERAS



1998 Mille Miglia watch

In July 1988, one year after he fell ill with - and recovered from - leukemia, world-renowned tenor José Carreras founded the José Carreras International Foundation for the Fight against Leukemia to encourage science and research efforts and support promising scientific projects through grants. As friends of José Carreras, the Scheufele family set up a Swiss Foundation with Mr. Carreras in Switzerland in 1991 and a German one in 1995. Karl Scheufele is President of the Swiss Foundation and vice-president of the German one. In 1996 José Carreras and Chopard President Karl Scheufele decided to create a limited series José Carreras watch each year for five years. Proceeds from the sales of the watches will go to the Foundation. The first edition of 250 was engraved with a drawing of the "Wiener Staatsoper" and signed by José Carreras.

Last year the José Carreras watch was dedicated to the "Deutsche Staatsoper" opera house in Berlin which is represented on the back of each watch. The power reserve indicator of the men's watch, presented in a limited series of 250, is marked by four notes of music. A ladies version in a series of 250 is also available for the first time. Sfr. 250,000 from the sales of these watches will be donated to the Foundation.

L.U.C. 1860 - A RETURN TO ROOTS

Very few firms which sell watches actually make them. Yet this is what Chopard's founder, Louis-Ulysse Chopard, had in mind when he set up his business in 1860 - and what Karl-Friedrich Scheufele was convinced the company needed to do to return to its watchmaking past. "We were producing many parts ourselves but not the parts for watches. This was something that was missing in our concept," he recalled.

Producing a calibre which would enable the company to become a "manufacture", a coveted title bestowed only on watchmakers who manufacture every single part of a watch, was no small task. Top-secret meetings began in the autumn of 1993, sketches were made and prototypes developed. In 1995 the company established its own high-tech manufacturing center in the town of Fleurier located in the heart of a region with a strong watchmaking tradition. Looking back on the experience, Karl-Friedrich recalls that "it was definitely discouraging at certain times. It was really an ordeal before we finally came up with the movement."

After three years of hard work and endless tests and trials, the new calibre, the movement of which was entirely designed and crafted in the Chopard workshops, was finally produced in 1996.

With its Breguet balance-spring and 22 carat gold micro-rotor, the L.U.C. 1860 passed the stringent requirements which must be fulfilled before the watches are allowed to be stamped with the coveted "poinçon de Genève", the seal of authenticity of a Geneva watch manufacture. In 1997 the L.U.C. 1860 1.96 men's watch won the prestigious Watch of the Year Award attributed by a panel of specialized journalists and watch retailers. The L.U.C. 1860 line has been so successful that the top-of-the-line watch with the Geneva seal has been sold out for a year. The company is rightly proud of this achievement. "Becoming a 'manufacture' has both repositioned the company in the men's watch market and within the small circle of elite watchmakers," comments Karl-Friedrich Scheufele.



L.U.C. watch

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8, rue de la Confédération

CH-1204 Genève
Tel. 22/311 37 28

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Tel. 65/737 64 51

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Tel. 2/377 28 59

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NASDAQ NATIONAL

Continued from page 17

(Continued)

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SPORTS

France Tops Belgium To Gain Fed Cup Semis

Spanish and Swiss Women Also Advance

Compiled by Our Staff From Dispatches

Ghent, Belgium — France, the defending champion, reached the Federation Cup semifinals Sunday when Nathalie Tauziat and Alexandra Fusai beat Els Callens and Laurence Courtois of Belgium, 6-4, 6-0, in the decisive doubles.

Spain, the United States and Switzerland also advanced to the World Group semifinals of the women's team competition.

Before the weekend match, Yannick Noah, the French coach, told Mary Pierce, the highest-ranked French player, that she was out of the Fed Cup lineup because she did not want to attend the early training sessions.

He then sidelined Tauziat, a 30-year-old veteran ranked 12th in the world, preferring to rely on the youthful vigor of Sarah Pitkowski, 22, who was No. 44 in the WTA rankings.

The French were even at 1-1 after Saturday but fell behind 2-1 when Dominique Van Rooi of Belgium beat Sandrine Testud in Sunday's first reverse singles, 7-5, 7-6 (9-7). Pitkowski saved France in the second singles, beating Sabine Appelmans, 4-6, 6-4, 6-1. Noah then brought out Tauziat for the doubles.

In Brno, Czech Republic, top-ranked Martina Hingis led Switzerland to a 4-1 victory Sunday over the Czechs in a first-round tie. In the opening match of the day, Hingis beat Jana Novotna, 4-6, 6-3, 6-2, to give Switzerland a 2-1 lead. The Swiss clinched the best-of-five tie when Patty Schnyder beat Adriana Gersic, 6-3, 6-3. Hingis and Schnyder defeated Denisa Chladkova and Ludmila Richterova in the doubles, 6-0, 6-1.

In Saarbrücken, Germany, Magu Serna and Conchita Martinez beat Andrea Glass and Wiltrud Probst in a 3-2 victory and a place in the semifinals. The Spaniards won the decisive doubles, 6-4, 7-6 (7-5).

In the reverse singles, Glass beat Martinez, 3-6, 6-3, 6-2, but Serna rallied to beat Jana Kandarr, 6-3, 6-4.

The Spaniards played without the injured Arantxa Sanchez Vicario, No. 6 in the world. Sanchez was with the Graf and Anke Huber, who are both injured.

Lindsay Davenport beat Miriam Oremans, 6-1, 6-2, on Kiawah Island, South Carolina, on Sunday to give the United States an unbeatable 3-0 lead over the Netherlands.

Davenport hit winners from both sides, leaving the Dutch player wrong-footed many times.

On Saturday, Davenport struggled in her 6-4, 6-1 victory over 200th-ranked Amanda Hopmans. Oremans had lost 61, 6-2 to Monica Seles in her first-day singles.

Switzerland faces France and Spain plays the United States in the semifinals on July 25-26. (AP, Reuters)

Martin Wins in Barcelona

Todd Martin beat Alberto Berasategui of Spain, 6-2, 1-6, 6-3, 6-2, in exactly two hours Sunday to become the first American singles player in 41 years to win the \$135,000 Godo Open, The Associated Press reported from Barcelona.

The American served 10 aces during the match and won 79 percent of his first service points. He began strongly by breaking Berasategui's serve in the second game of the match.

The last U.S. singles player to win the tournament was Herbert Flam in 1957. In Tokyo, Andrei Pavel of Romania, ranked 109th in the world, won his first ATP tour title Sunday, pounding out a 6-3, 6-4 victory over Byron Black of Zimbabwe in the Japan Open final.

Japan's Ai Sugiyama defended her women's title, overcoming Corina Morariu of the United States, 6-3, 6-3.



OUT OF THE SADDLE — Nobutsu Aoki falling off his 500cc Suzuki during the Malaysian Motorcycling Grand Prix in Pasir Gudang on April 19. The bike burst into flames, but Aoki walked away from the crash. Mick Doohan, on a Honda, won the race. Carlos Checa was second and Max Biaggi was third.

Kenyan Woman Runs Fastest Marathon

The Associated Press

ROTTERDAM, Netherlands — Tegla Loroupe of Kenya ran the fastest marathon ever by a woman Sunday when she won the Rotterdam Marathon in 2 hours, 20 minutes and 47 seconds.

Loroupe, who won this race last year, beat the mark of 2:21:06 set by Ingrid Kristiansen of Norway in London on April 21, 1985.

The fastest men's and women's times have been run in Rotterdam. Belayneh Dinsamo of Ethiopia set the men's standard of 2:06:50 in the 1988 race. The

course has since been straightened to make for even faster times.

The International Amateur Athletic Federation, the governing body of track and field, does not recognize official world records for road races, because different courses make different demands on runners.

Loroupe, who earned a \$150,000 bonus for her time, started quickly. After 6.2 miles, she was 20 seconds ahead of the pace set by Kristiansen in 1985. Over the final miles, Loroupe looked comfortable as she coasted home, no

other female runner near her.

Fabian Roncero of Spain, the men's winner, struggled to the finish in 2:07:27. The men's leading group ran the first half of the race more than a minute under the record pace. When Roncero made a break around the 15-mile mark, most of his early pursuers fell away. After 23.5 miles, he pulled up and bent to touch his toes, apparently feeling pain in his hamstring. He managed a final desperate acceleration to hold off Bong Ju Lee of South Korea, who finished second in 2:07:44.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION

Team	W	L	Pct.	GB
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New York	11	5	.692	—
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Baltimore	11	5	.692	—
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Boston	10	6	.625	1 1/2
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Tampa Bay	7	9	.438	4 1/2
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Toronto	7	9	.438	4 1/2
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CENTRAL DIVISION

Cleveland	11	5	.692	—
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Minnesota	7	9	.438	4 1/2
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Kansas City	7	9	.438	4 1/2
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Chicago	6	10	.375	5 1/2
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Detroit	3	12	.200	8
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WEST DIVISION

Texas	10	6	.625	—
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Anaheim	7	9	.438	3 1/2
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Seattle	7	10	.412	4
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Oakland	11	5	.692	—
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NATIONAL LEAGUE

EAST DIVISION

Team	W	L	Pct.	GB
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Atlanta	10	6	.625	—
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New York	10	6	.625	—
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Philadelphia	7	9	.438	2 1/2
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Miami	4	12	.250	6
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Florida	3	13	.188	6 1/2
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CENTRAL DIVISION

Milwaukee	11	5	.692	—
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St. Louis	10	6	.625	—
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Chicago	10	7	.588	1 1/2
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Houston	10	8	.556	2
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Pittsburgh	7	11	.389	5
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WEST DIVISION

San Diego	14	3	.824	—
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San Francisco	9	8	.529	5
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Los Angeles	8	9	.500	5 1/2
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Colorado	6	11	.353	8
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Cleveland	5	12	.294	9 1/2
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FRIDAY LEAGUES

AMERICAN LEAGUE

Team	W	L	Pct.
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Boston	000	002	1-1
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(10) Indiana	000	000	0-0
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Seattle	000	000	0-0
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Gordon (10) and Hefner	000	000	0-0
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W-Gordon	000	000	0-0
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W-Gordon	000	000	0-0
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W-Gordon	000	000	0-0
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BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION

Team	W	L	Pct.	GB
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New York	11	5	.692	—
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Baltimore	11	5	.692	—
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Boston	10	6	.625	1 1/2
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Tampa Bay	7	9	.438	4 1/2
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Toronto	7	9	.438	4 1/2
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CENTRAL DIVISION

Cleveland	11	5	.692	—
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Minnesota	7	9	.438	4 1/2
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Kansas City	7	9	.438	4 1/2
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Chicago	6	10	.375	5 1/2
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Detroit	3	12	.200	8
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WEST DIVISION

Texas	10	6	.625	—
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Anaheim	7	9	.438	3 1/2
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Seattle	7	10	.412	4
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Oakland	11	5	.692	—
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NATIONAL LEAGUE

EAST DIVISION

Team	W	L	Pct.	GB
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Atlanta	10	6	.625	—
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New York	10	6	.625	—
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Philadelphia	7	9	.438	2 1/2
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Miami	4	12	.250	6
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Florida	3	13	.188	6 1/2
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CENTRAL DIVISION

Milwaukee	11	5	.692	—
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St. Louis	10	6	.625	—
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Chicago	10	7	.588	1 1/2
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Houston	10	8	.556	2
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Pittsburgh	7	11	.389	5
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WEST DIVISION

San Diego	14	3	.824	—
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San Francisco	9	8	.529	5
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Los Angeles	8	9	.500	5 1/2
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Colorado	6	11	.353	8
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Cleveland	5	12	.294	9 1/2
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FRIDAY LEAGUES

AMERICAN LEAGUE

Team	W	L	Pct.
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Boston	000	002	1-1
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(10) Indiana	000	000	0-0
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Seattle	000	000	0-0
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Gordon (10) and Hefner	000	000	0-0
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W-Gordon	000	000	0-0
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W-Gordon	000	000	0-0
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W-Gordon	000	000	0-0
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W-Gordon	000	000	0-0
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W-Gordon	000	000	0-0
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W-Gordon	000	000	0-0
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W-Gordon	000	000	0-0
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SPORTS



A wild throw eluding Giants shortstop Rey Sanchez in San Francisco's 3-1 loss to the Brewers in Milwaukee.

On a Roll, Saberhagen Blanks Indians

Winning Third Straight, Red Sox Ace Maintains His Perfect Record

The Associated Press
Bret Saberhagen continued his strong comeback, allowing four hits in six shutout innings Sunday to lead the Red Sox over the Cleveland Indians, 2-0, in Boston.

Saberhagen, who missed the entire 1996 season because of shoulder surgery and pitched just six games last

year, struck out four and walked one, helping Boston improve to 8-1 at Fenway Park this year. It was his third straight victory, the first time he has won three in a row since June 1995.

BASEBALL ROUNDUP

Jim Corsi followed and Tom Gordon pitched the ninth for his fourth save in five chances, completing a seven-hitter. Dave Burba allowed two runs and nine hits in seven innings. Cleveland, which stranded nine runners, lost for just the third time in 10 road games this year.

Tigers 2, Yankees 1 Darnell Easley's sacrifice fly scored the go-ahead run in the eighth and Mark Moehler allowed three hits in eight innings as Detroit stopped a seven-game losing streak with the victory over visiting New York.

Tony Clark hit his first home run since last Sept. 14 in the seventh inning off Hideki Irabu, who was struck in the side by a line drive in the sixth. Moehler struck out seven and walked one. Todd Jones pitched the ninth for his second save.

With the score tied in the eighth, Raul Casanova singled and Brian Hunter walked before a wild pitch from reliever Darren Holmes' put runners at first and third with one out. Darnell Easley hit a fly short center, and pinch-runner Kimeria Barteaux scored as Bernie Williams' throw was off.

• The Padres-Pirates game in Pittsburgh was rained out Sunday.

In games played Saturday:

Padres 7, Pirates 5 In Pittsburgh, San Diego scored two runs in the 10th on third baseman Doug Strange's double error, and the Padres won for the 11th time in 12 games. The Padres' 14-3 record is the best in the majors and the best start in franchise history.

Carlos Hernandez's homer — one of three by San Diego — helped send the Padres to their sixth straight loss, and their second in as many days after leading in the late innings.

Cubs 6, Angels 1 In Chicago, rookie Kerry Wood pitched five shutout innings for his first major-league victory and hit a run-scoring single during an eight-run first inning off Hideki Nomo as the Cubs beat Los Angeles.

Brewers 11, Rockies 4 In Denver, Chipper Jones hit his eighth homer and Denny Neagle pitched a seven-hitter as Atlanta won its fourth straight game.

Diamondbacks 7, Marlins 5 In Phoenix, Ray Bell and Karim Garcia homered during a four-run rally in the seventh, and the expansion Diamondbacks won their season-high third straight game.

Cardinals 6, Phillies 5 Royce Clayton and John Mabry each hit two doubles and drove in two runs as St. Louis gave visiting Philadelphia its fourth straight loss.

Brewers 3, Giants 1 In Milwaukee, Jeff Cirillo hit a two-run homer as the Brewers topped San Francisco to win their third straight.

Mets 5, Reds 4 New York scored an unearned run on third baseman Willie Greene's throwing error in the 10th to win in Cincinnati.

Astros 4, Expos 3 Sean Berry hit a solo home run with two outs in the bottom of the ninth to lift the Astros over Montreal in Houston.

Yankees 5, Detroit 3 With Yankee Stadium closed for repairs on its 75th birthday, the Yankees won their 12th straight game in Detroit's ancient Tiger Stadium.

Bernie Williams and Tino Martinez drove in two runs apiece as New York stopped the Tigers, the Yankees' eighth straight triumph.

The series between the teams was moved to Detroit after a 500-pound (230-kilogram) expansion joint fell in Yankee Stadium this month, forcing the ballpark to close for repairs.

Blue Jays 9, White Sox 4 In Toronto, Jose Canseco hit his seventh home run and Pat Hentgen rebounded from one of the worst starts of his career as the Blue Jays topped Chicago to win consecutive games for the first time this season.

Indians 7, Red Sox 4 Omar Vizquel doubled home the tie-breaking run in Cleveland's four-run ninth, handing Boston its first home loss this season.

Athletics 3, Royals 2 Light-hitting Rafael Bourimall connected for a three-run homer and Kenny Rogers pitched seven strong innings as Oakland beat visiting Kansas City.

Orioles 10, Rangers 8 B.J. Surhoff drove in three runs and Cal Ripken had three hits as Baltimore won in Texas, ending a three-game losing streak and Texas's five-game winning string.

Mariners 5, Twins 3 In Minneapolis, Alex Rodriguez went 4-for-4 with a home run and a triple and scored three runs as Seattle gained its fourth straight victory.

Bobby Ayala, the fourth Seattle pitcher, worked the ninth for his third save. Mariners relievers have converted their last three save chances after starting the season 0-for-4.

Devil Rays 9, Angels 1 The rookie Bobby Smith had three hits, including a homer, and drove in three runs as Tampa Bay won in Anaheim, California.

The Devil Rays improved to 9-6, the best record by an expansion team after 15 games.

Money Talks: Listen to Moss's Loss

Los Angeles Times Service

FOUR MILLION bucks. You young sports stars are tired of listening to adults nag about character? Fine. Maybe you will listen to this.

Four million bucks. That is at least what Randy Moss lost Saturday after enduring perhaps the most expensive character evaluation in sports history.

Everyone agreed that Moss, the incredibly gifted Marshall University wide receiver, should have been the fifth player taken in the National Football League collegiate draft.

But many also agreed that he was too troubled to be worth the trouble.

Moss tumbled from the fifth pick to 21st, which, in the top-heavy football world, is more than falling 16 picks. It is falling 16 stories.

Last year's fifth pick earned \$6.39 million in a signing bonus and first-year salary; the 21st selection earned \$2.375 million.

O.K., so Moss had a soft landing. But \$4 million is \$4 million.

Somebody in this increasingly soulless world of athletics has finally put a price on morality, and this is it. Hal-lelujah.

"This was more than a slap on the wrist," said Michael Josephson, president of the Josephson Institute of Ethics in Los Angeles. "This is the first official recognition that there is a cash value to character."

Athletes have messed up and been fined or suspended before — what, just about every day, right? — but this is different.

This was not a punishment. Moss did not drop in the draft because he recently did one thing wrong.

Vantage Point/BILL PLASCNKE

This was a statement. Moss dropped in the draft simply because when some NFL bosses looked at him, they saw everything wrong.

Instead of his great hands, they saw his feet kicking a fellow high school student as he lay helpless on the ground.

Instead of speed, they saw dope, and how he tested positive for it while in jail on an earlier misdemeanor battery conviction for kicking that kid.

Instead of hearing the cheers that accompanied his brilliant college season, they heard these words: "I wouldn't call it partying. I call it child-in."

That was Moss in a Los Angeles Times interview last year, talking about smoking dope.

The NFL responded Saturday with an even shorter statement: Enough is enough.

IT WOULD be naive to believe that a bunch of professional football coaches was trying to make the world a better place. Most of the teams probably passed on Moss not because it was bad ethics but because it was bad business.

Two years ago, the embattled Lawrence Phillips should have been the first overall pick, but he dropped to sixth; less than two years later, he was dropped by the St. Louis Rams.

That was not because he was determined to be immoral, but because he was a disruption.

What the league was avoiding Saturday by avoiding Moss was a repeat of

those disruptions.

"It was still a cost-benefit analysis rather than a statement about how they don't want athletes embarrassing their teams in front of children," said Josephson, who runs the national "Character Counts" program.

"If this were really good news," he added, "he would not have been drafted at all and been made to prove himself later."

Agreed. But in a world where most of the messages make you want to push the mute button, this was finally one worth hearing. No matter why the NFL said it, it said it: Four million bucks. Enough is enough.

Two years ago, television viewers watched a giddy Georgia Frontiere announcing that her Rams had just drafted a convicted criminal.

But this year's rogue watch was dark. Holed up with his agents in Charleston, West Virginia, Moss declined to appear on camera until after he was selected.

Then, when the Minnesota Vikings and Coach Dennis Green could no longer control their competitive urges and selected him, Moss disappeared. He even refused to address a group of journalists that he had invited.

We will see him again. He is a spectacular player. He is a joy to watch. Here's hoping that he has a long and illustrious career.

Here's also hoping that nobody forgets how that career started, on a day when every skeptical, self-serving young athlete was finally given good reasons to behave. Four million good reasons.

Stellar Finish as Stars Stop Blackhawks

The Associated Press

Joe Nieuwendyk's power-play goal with 12:29 left broke a tie as the Dallas Stars beat the Chicago Blackhawks to finish with the National Hockey League's best record and clinch home ice throughout the playoffs.

"This is a real stepping stone, something we can be

NHL ROUNDUP

proud of," Nieuwendyk said after the Stars beat the Blackhawks, 3-1, on Saturday in Dallas to clinch the President's Trophy for best record. "We wanted this trophy. But now is when it all really starts."

Sergei Zubov assisted on Dallas's three goals, all on the power play, and Mike Modano, who returned from a 17-game injury, also assisted on Dallas's first goal by Jamie Langenbrunner.

The Stars, who started the day tied with New Jersey, held the tie-breaker by virtue of a 2-0 record against the Devils this season. The Devils lost to the New York Islanders on Saturday night.

Chicago went without a victory over its final seven games and will miss the playoffs for the first time in 29 years.

The Stars allowed only 11 shots, matching the two-day-old record for the lowest total by an opponent in club history. Dallas set the record for fewest shots against in Thursday's 3-2 loss at Phoenix.

Islanders 2, Devils 1 Zigmund Palffy scored two goals



Dominik Hasek, Buffalo's goaltender, watching as the puck sails into the net for a Canadian goal in Montreal.

and Tormy Salo made 46 as New York won in New Jersey in the regular-season finale for both clubs.

Despite the loss, the Devils enjoyed the finest season in franchise history, setting club marks for victories (48) and points (107).

The Devils captured the Jennings Trophy for the second straight season. The trophy is awarded to the goaltenders on the team that allows the fewest goals. New Jersey edged out the Dallas Stars, 166-167.

second NHL scoring title with a goal and an assist as Pittsburgh beat visiting Boston. Jagr finished with a league-leading 102 points.

Mighty Ducks 4, Kings 1 In Los Angeles, Anaheim got its goals from rookies, including Mike Crowley's first in the NHL, as they beat playoff-bound Los Angeles in the Kings' regular-season finale.

Rangers 2, Flyers 1 Alexei Kovalev and Adam Graves scored and Mike Richter made 31 saves as New York closed out its season with a victory in Philadelphia.

Blues 5, Coyotes 4 Pavol Demitra scored his 21st goal early in the third period to lift St. Louis to victory in Phoenix.

Panthers 2, Lightning 2 In Tampa, Mikael Renberg's rebound goal with 9:53 left in regulation broke a 0-for-56 power-play drought and lifted the Lightning into a tie with Florida.

Sabres 3, Canadiens 3 In Montreal, Brian Savage scored twice as the Canadiens tied Buffalo.

Oilers 4, Maple Leafs 3 In Edmonton, the Oilers beat Toronto to secure seventh place in the Western Conference and headed into the playoffs on a four-game winning streak.

Sharks 4, Flames 1 In San Jose, Mike Vernon made 19 saves to earn his 30th victory of the season, matching San Jose's team record, and the Sharks turned up for their first playoff appearance in three years by beating Calgary.

Nets Grab Last-Chance Playoff Berth

The Associated Press

EAST RUTHERFORD, N.J. — The New Jersey Nets summoned enough strength Sunday to win their last game and make the playoffs for the first time in four years.

The Nets went into their biggest game of the season without their two best players but claimed the eighth playoff spot in the Eastern Conference with a 114-101 victory over Detroit.

It was the Nets' fourth chance of the week to clinch a post-season berth. They did it on their last try with an inspired effort from their three healthy starters and two fill-ins replacing Sam Cassell and Jayson Williams. Two injured reserves, Rony Seikaly and Don MacLean, limped onto the floor in the second quarter and filled in after several Nets got into foul trouble.

Kendall Gill scored 27 points, including 14 in the decisive third quarter,

rookie Keith Van Horn had 25.

New Jersey will open a best-of-5 first round at Chicago on Friday. The Bulls swept the season series from the Nets 4-0.

NBA ROUNDUP

New Jersey's victory eliminated the Washington Wizards, who had won four straight do-or-die games.

In games played Saturday:

Wizards 112, Celtics 95 Chris Webber had 27 points and 13 rebounds as the Wizards kept their playoff hopes alive until Sunday by beating Boston in Washington. Antoine Walker and Ron Mercer scored 18 points each for the Celtics, who finished 36-46 in their first season under Rick Pitino, a 21-game improvement over last year's record.

Bulls 111, Knicks 109 In Chicago, Michael Jordan scored 44 points and moved toward his 10th NBA scoring

title as Chicago rallied in the final quarter to beat New York, which rested several players. Jordan pushed his average to 28.7 points a game. Shaquille O'Neal was averaging 28.2 points a game heading into the Los Angeles Lakers' finale against Utah on Sunday and needed 59 points to pass Jordan.

Cavaliers 99, Pacers 92 In Cleveland, Zydrunas Ilgauskas scored 26 points as Cleveland beat Indiana in a preview of their first-round playoff series.

Timberwolves 111, Bucks 109 Tom Hammond hit a baseline jumper as time ran out to give Minnesota a victory over visiting Milwaukee.

Clippers 83, Kings 77 In Anaheim, James Robinson scored 20 as Los Angeles snapped a 10-game losing streak.

Warriors 112, Grizzlies 90 In Oakland, Erick Dampier and Tony Delk each had 23 points as Golden State completed its dismal season.

For Pippen, Time for Some Air of His Own

New York Times Service

CHICAGO — Little brother is leaving home soon. Big brother does not want him to go, but he understands the reason: Hearing about his perfect older sibling for years has made him feel unwanted by the family.

All Scottie Pippen ever did to deserve this treatment was to be there for Michael Jordan at the most important times of Jordan's career, to sacrifice his personal goals for team goals. He knew he would never receive the credit for the Bulls' championships as Jordan would, that people would say he was nothing without his more polished teammate.

"For this, he never resented Jordan, 35, who has often referred to Pippen, 32, as 'my little brother.' He knows it is not Jordan's fault that he is playing for a salary sum of money compared with other stars, and he understands the dynamics of playing in the shadow of a supernova. He also knows it is time to see if he can flourish on his own."

"I don't think I've got any more leverage than I've ever had," Pippen said recently. "I just think it's time to move on."

This alleged break-up of the Bulls has reached the point where Jordan's numerous hints about returning or retiring spawn more sarcasm than concern.

But Pippen's convictions about signing with another team in the off-season as a free agent are real. More so than

Vantage Point/MIKE WISE

Coach Phil Jackson's sabbatical threat or Jordan's CEO ambitions. Regardless of what the Bulls do with their 11 free agents this summer, Pippen is gone.

The Bulls can pay Pippen anything they want because he is their own free agent, which might make someone wonder why he doesn't retire in Chicago and sign the hefty contract of which he has always dreamed.

But for one of the few times in professional sports, his desire to leave is truly not about money. Even when the team's owner, Jerry Reinsdorf, hinted recently about possibly bringing the whole gang of champions back, Pippen's reply was thanks, but no thanks.

"It's gotten nasty and dirty," he said, referring to the irreconcilable differences between him and the club.

He has absorbed constant criticism for wanting to be traded and complaining about the \$2.7 million he will make this season in the final year of his deal. Jordan is making \$36 million to play basketball this year.

At any rate, being a Bull beyond this season would not be a treat for Pippen. If it's not the circus atmosphere surrounding Jordan in his farewell season, it is being asked to be Jordan after the superstar retires. Pippen has been there, done that.

They are rumored to have this great

personal relationship. But Jordan and Pippen have never done anything socially away from basketball.

Deep down, Pippen knows the "big brother, little brother" stuff is Jordan's way of making America think what a wonderful family they have in Chicago. Though he would never say it, he also understands Michael is about Michael.

Jordan said he is firm about leaving if Jackson leaves. He has not made the same proclamation about Pippen.

Maybe this is the impetus for Jordan to come back for one more season. Can Michael win a title without Scottie? He hasn't done it yet. For all his majesty on the court, remember: Many of Jordan's amazing clutch shots over the years have been brought to you by Pippen, who stripped the ball away on the defensive end when no one was looking.

The Bulls never treated Pippen as a franchise player because they already had one. He stuck around because he liked playing on a great team and was hoping someday to be more compensated for his efforts. It never happened, so he needs to leave.

So little brother is about to see if he can stand on his own two feet. Wish him well in Phoenix, Houston or wherever. And let's see if big brother can do it alone.

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Herald Tribune SPORTS

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MONDAY, APRIL 20, 1998

WORLD ROUNDUP

Levet Beats Nerves

GOLF Thomas Levet survived his last-hole nerves Sunday to win the Cannes Open. It was his first European title. The 29-year-old Parisian came to the par-5 final hole holding a two-stroke lead but dove into the rough, took two to escape from a fairway bunker and then took two putts for a bogey, a single-shot victory and an \$82,500 check.

Levet shot a two-over-par 73 to finish 6-under at 278, one shot ahead of Greg Turner, Phillip Price and Sven Ströver of Germany. (AP)



Chris Eubank, a British boxer, after losing to Carl Thompson.

Eubank Leaves Hospital

BOXING Chris Eubank was discharged from Manchester Royal Infirmary Sunday after being detained for observation after his unsuccessful WBO cruiserweight title challenge against fellow Briton Carl Thompson.

Eubank, 31, went for a check-up and brain scan after a punishing fight Saturday, which he lost on a unanimous decision.

Eubank, the former WBO middleweight and super-middleweight champion, had moved up two divisions. He knocked Thompson down in the fourth round but could not overcome a size gap.

On the same card, Naseem Hamed knocked out ex-champion Wilfredo Vazquez in the seventh round to retain his WBO featherweight title. (Reuters)

Labor Sports Minister Dies

Denis Howell, Britain's minister of sport in Labour Party governments of the 1960s and 1970s, died early Sunday after a heart attack. He was 74.

Lord Howell represented Birmingham constituencies in Parliament from 1955 until 1992. He served twice as minister for sport, from 1964 to 1970 and from 1974 to 1979. He held several other posts, including minister for drought in 1976. Ten days after his appointment, heavy rains started. (AP)

Inter Still Pressing Juventus Both Win in Italy Title Race; Arsenal Overtakes United

Compiled by Our Staff From Dispatches

Youri Djorkaeff scored with 10 minutes left and Ronaldo later added his 22d goal of the season with a free kick as Inter Milan beat Udinese, 2-0, on Sunday to stay within one point of the Serie A leader, Juventus of Turin.

Juventus edged lowly Empoli, 1-0, when the substitute midfielder Fabio Pecchia scored eight minutes after entering the match. The defending champion held on despite the expulsion of the defender Alessio Tacchinardi.

Both teams have four games to play, and they will meet in Turin on Sunday. Lazio of Rome stretched its losing streak to three matches with a 2-1 loss at Vicenza. Lazio is still third, but it now trails Juventus by nine points.

Inter struggled against Udinese. It nearly fell behind in the 74th minute, when Oliver Bierhoff's stinging header bounced off the base of the post. Ten minutes later, Djorkaeff, the French striker, headed in from a corner kick.

In the 85th minute, Luigi Turci, the Udinese goalkeeper, was expelled for using his hands to clear the ball away from Ronaldo's feet just outside the penalty area. Udinese had already used its three allotted substitutions, and the midfielder Mauricio Pineda went in goal. He had no chance against Ronaldo's ensuing free kick.

NETHERLANDS Shots Arveladze, a Georgian striker, scored a hat-trick of close-range goals Sunday as Ajax Amsterdam celebrated its 27th Dutch league title with a 4-2 victory at Groningen.

Ajax clinched the title last Sunday but had to wait until just before the kick-off Sunday to collect the championship plate. The goals took Amsterdam's total to 97 for the season with four games to play.

Ajax won even though the defender Sunday Oliseh was sent off for the second time in three weeks.

Officials spent Saturday using vacuum cleaners to clear away fragments of glass scattered by unknown saboteurs over the FC Groningen pitch.

Eindhoven, which is second, routed Volendam, 10-0, on Saturday. The loss ensured that Volendam would go down to the second division next season.

ENGLAND Manchester United lost first place in the Premier League to Arsenal on Saturday, but both teams

EUROPEAN SOCCER ROUNDUP

moved closer to a place in the European Champions' League on Sunday when Liverpool, which is third, drew 1-1 with Coventry.

Liverpool is nine points behind second-placed United with four games to play. The first two teams qualify for the European Champions' League.

Chelsea, the European Cup Winners' Cup finalist, moved back into fourth place and is just two points behind Liverpool after a Frank Leboeuf penalty gave it a 1-0 victory over Sheffield Wednesday on Sunday.

In Coventry, Liverpool took the lead when its rising star, Michael Owen, turned quickly with the ball and drilled it into the goal in the 33d minute.

Three minutes after halftime, Coventry equalized after Darren Huckerby was tripped and Dion Dublin scored the penalty.

On Saturday, Arsenal beat Wimbledon, 5-0, while Manchester United drew, 1-1, with Newcastle United.

Tony Adams, Marc Overmars, Dennis Bergkamp, Emmanuel Petit and Christopher Wreh scored as Arsenal demolished Wimbledon.

SCOTLAND Rangers stumbled in pursuit of a 10th straight Scottish league title Sunday when they lost 1-0 at Aberdeen. The defeat allows Glasgow rivals

Celtic to take a three-point lead with just three matches remaining. Celtic beat Motherwell, 4-1, on Saturday.

Stephen Glass scored Aberdeen's goal in the 28th minute with a glancing header from a cross by Ricky Gillies.

SPAIN Barcelona clinched its 15th Spanish championship Saturday when it gained a somewhat fortunate 1-0 victory over Real Zaragoza.

Barcelona had needed only a draw and for much of the game it was forced to play second fiddle to the visitors, who wasted a series of chances.

Giovanni headed in Barcelona's goal in the 77th minute. He later crashed a shot against the bar. The final minutes were the only time that Barcelona looked remotely comfortable.

FRANCE Lens and Metz qualified for next season's Champions' League after their last potential rivals in the French first division both lost on Saturday.

Marseille lost, 2-1, to Auxerre and is now seven points behind second-placed Metz with only two rounds of games left.

Moscow, which might also have caught Metz, appeared exhausted after its Champions' League semifinal farewell against Juventus on Wednesday, and it lost, 1-0, at home to Toulouse. Lens, the leader, won in Cannes, 2-0, on Friday to keep a two-point edge over Metz, which beat Nantes, 3-2.

GERMANY Kaiserslautern, which has not won since mid-March, struggled to a 2-2 draw against Rostock on Saturday but held on to first place in the Bundesliga as Bayern Munich drew, 4-4, against Arminia Bielefeld, the last-place club.

Kaiserslautern trailed Rostock until the 69th minute, when an own-goal by Thomas Gansauge leveled the score 2-2.

Bielefeld, which has not won in the Bundesliga since Dec. 20, led 4-3 with two minutes left when Bayern's Lothar Matthaus tied it. (AP, Reuters)



Zinedine Zidane of Juventus, left, battling Empoli's Daniele Baldini on Sunday in Florence. A 1-0 victory kept Juventus atop the Italian league.

Colts Pick Manning First in NFL Draft and Chargers Take Leaf

By Leonard Shapiro
Washington Post Service



Peyton Manning in an Indianapolis Colts cap during a radio interview.

NEW YORK — Three days before Easter, Jim Irsay, owner of the Indianapolis Colts, had breakfast in Miami with Peyton Manning, the better to get to know the gifted Tennessee quarterback who his team would go on to select with the No. 1 pick in the 1998 National Football League draft.

"As he was getting ready to leave, Peyton turned around, kind of like a gunslinger, looked at me and said, 'I'll win for you,'" Irsay said Saturday. "It sent shivers up my spine."

That was not the only reason Irsay said he chose Manning, the son of the former New Orleans Saints quarterback Archie Manning, over Ryan Leaf, the Washington State quarterback. The San Diego Chargers took Leaf second, the fourth time that two quarterbacks were the first two selections.

The only surprise in a mostly routine first round of the NFL's 63d collegiate

draft in Madison Square Garden on Saturday was how late Marshall University's record-setting wide receiver, Randy Moss, was selected.

Considered a top 10 pick by many observers, Moss slipped to the 21st pick — by the Minnesota Vikings — because of concerns about his character. Moss

Moss pays the price. Page 23

was the second wide receiver taken preceded by Utah's Kevin Dyson, who went to the Tennessee Oilers as the 16th pick. Moss's brother, Eric, is a reserve offensive lineman for the Vikings.

Arizona, picking third, selected Andre Wadsworth, the Florida State defensive end, a one-time walk-on who became a consensus all-American and was considered the best non-quarterback prospect.

The Oakland Raiders, picking fourth, selected Charles Woodson, the Heisman Trophy winner, who played mostly

cornerback for Michigan but also played wide receiver and returned punts. Woodson said he expected to do the same for the Raiders.

The Chicago Bears selected the Penn State running back Curtis Enis with the fifth pick.

Manning and Leaf are both considered franchise quarterbacks by scouts, personnel officials and coaches around the league. Irsay insisted that the Colts had not made their final decision on Manning until about 30 minutes before the draft.

It was thrilling for Archie Manning, even if his son is going to a team that went 1-15 last season. Archie Manning was the second player selected in the 1971 draft, behind the Heisman winner, Jim Plunkert, and spent most of his career getting pummeled for losing teams.

"Just from a personal standpoint, just like the fathers or parents of so many other kids today, we're just very proud," he said.

The Chargers, 4-12 last season, won't have much time for patience with Leaf, judging from the reaction of the team's owner, Alex Spanos, who came to New York and introduced the 6-foot-5, 235-pounder at a news conference.

"God, Ryan, just come up here son, let me just look at you," Spanos said.

Earlier, Spanos, speaking to reporters, talked indirectly to Leaf. "I have to tell you something, Ryan," he said. "I'm looking to you for the next 10 years. Son, I'll tell you what, we're going to make it work. It's going to take total dedication on your part and everybody's part."

San Diego had moved from the third pick to the second in March by trading two players and three draft choices to Arizona.

Leaf said he considered himself and Manning as "pick 1A and B."

"It wasn't supposed to be this way," he said. "My dad wasn't an all-American quarterback. He was an insurance salesman from Great Falls, Montana."



(put on a happy face)

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